Trimac

1989 ANNUAL REPORT

THE COMPANY

Trimac Limited is a Canadian owned public company. Its main businesses are the highway transportation of bulk commodities, truck leasing and contract drilling. Operations are primarily in North America. Other interests include environmental services, engineering and construction, oil and gas exploration and production, information technology services and oilfield equipment supply. The company and its wholly owned subsidiaries employ 3,400 people. Trimac is based in Calgary and its shares are traded on the Toronto and Montreal stock exchanges.

CONTENTS

ANNUAL MEETING

Trimac's Annual Meeting will be held Thursday, May 10, 1990, at 10:30 A.M. in the Glenview Room of the Calgary Convention Centre. Shareholders are invited to attend. Those who are unable to attend are requested to complete, sign and return their proxies as soon as possible.

Duplicate Reports

If, as a shareholder, you are receiving more than one copy of Trimac's Annual and Quarterly Reports, it could be that individual purchases of securities are registered in slightly different names or at different addresses. If this is the case, please contact the Secretary, Trimac Limited.

Additional Information

Contact Trimac's Public Relations Department, 2100, 800 Fifth Avenue SW, P.O. Box 3500, Calgary, Alberta T2P 2P9, or telephone (403) 298-5100 for additional copies of this report or for general information about Trimac companies.

Rec'd
March 26, 1990

HIGHLIGHTS

Trimac completed the sale of its 50 per cent interest in the waste management business, Tricil Limited, for $120 million in cash.

Trimac invested $33.4 million to purchase the Hi-Tower, Sedco and Apollo drilling operations from Bovar Inc. and to acquire preferred shares and a 46 per cent interest in the remainder of Bovar, including its environmental service businesses.

Trimac Transportation System continued its strategy of expansion in the United States with an agreement to purchase in 1990 the bulk trucking operations of Ryder Systems, Inc.

Trimac invested $8.7 million to acquire 973,758 shares of Chauvco Resources Ltd. at $9 per share and maintain its 29 per cent interest. Chauvco doubled its reserves and production through acquisitions during the last year.

In recognition of the current market conditions in the drilling industry, the carrying value of the Kenting Drilling rigs was written down by $27.0 million after tax.

A dividend of 20 cents per common share was paid February 28, 1990, to shareholders of record as of February 15.

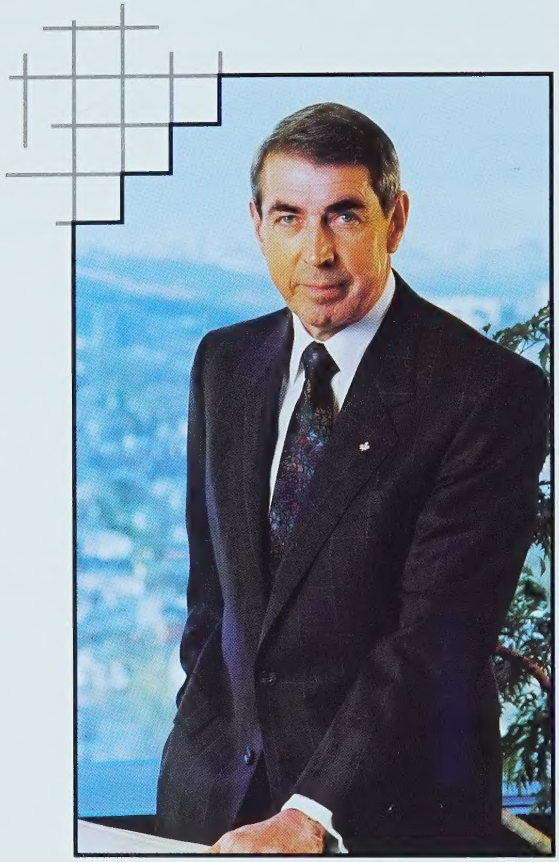
(thousands of dollars) December 31	**1989**	1988
OPERATING RESULTS		
Revenues	**$338,635**	$320,081
Earnings before unusual and extraordinary items	**12,411**	10,566
Earnings before extraordinary items	**8,646**	3,793
Net earnings	**43,308**	5,825
Cash from operations	**38,134**	35,086
Net capital investments—fixed assets	**32,477**	40,547
—acquisitions/investments	**37,207**	19,700
FINANCIAL POSITION		
Working capital	**68,419**	20,158
Net assets employed	**308,812**	324,240
Total long term debt	**116,892**	157,211
Convertible debenture	**30,000**	30,000
Shareholders' equity—preferred	**30,235**	30,555
—common	**133,169**	93,562
—total	**163,404**	124,117
SHARE DATA		
Earnings before unusual and extraordinary items	**$0.32**	$0.30
Earnings before extraordinary items	**0.19**	0.10
Net earnings	**1.33**	0.16
Common share dividends (stock dividends)	**—**	.099
Common shareholders' equity	**4.37**	3.08
Number of shares outstanding—Common	**30,464,062**	30,333,469
—Preferred (Series A)	**176,600**	189,400
—Preferred (Series 1)	**6,000,000**	6,000,000

REPORT TO SHAREHOLDERS

Trimac achieved significant strategic and operating objectives in 1989 as it positioned itself for the 1990s. It sold a major asset, its waste management business, and began a program of reinvestment.

The investment direction was established through an integrated process of strategic planning within Trimac Limited and its operating subsidiaries.

This plan sets Trimac's mission: "to create shareholder value by operating and growing profitable industrial service businesses primarily in North America that are leaders in providing quality, multi-location, equipment-based services that give value to our customers."



J.R. McCaig, Chairman

Through the planning process, Trimac reviewed and renewed its commitment to the core businesses of bulk trucking, contract drilling and truck leasing. Trimac also seeks growth in related businesses.

This strategy also means Trimac will sell where prospects do not materialize or where the rewards of successful growth can be captured for shareholders.

Trimac decided in 1986 to sell its half interest in the waste management business, Tricil Limited, to realize the gain on its investment. This business was started in 1973 with an investment of less than $2 million in assets. When the sale was completed last year, Trimac received $120.0 million cash and recorded an extraordinary gain after taxes of $57.1 million.

Trimac also agreed to sell its oilfield construction subsidiary, Kenting Projects Ltd., at approximately book value. This operation had suffered losses and was identified as a non-strategic business.

Trimac made several investment decisions to implement part of its growth strategy in 1989.

The largest of these was an investment of $33.4 million for all of the Canadian and United States drilling operations of Bovar Inc., 46 per cent of the common shares of Bovar and $10.0 million in convertible preferred shares of Bovar. Bovar's interests include the environmental businesses, Chem-Security Ltd., Western Research and 60 per cent ownership of the Alberta Special Waste Treatment Centre near Swan Hills. Bovar participates in manufacturing through Mainland Manufacturing and a 50 per cent interest in Western Star Trucks and in distribution through Mainland Oilfield Supply.

The purchase of 47 drilling rigs from Bovar makes Trimac the largest contract driller in Canada and one of the dominant drillers in the northern United States. The acquisition of an equity interest in Bovar also provides a unique opportunity to participate in an attractive part of the environmental service business, liquid and hazardous waste disposal.

Trimac also agreed to purchase the bulk trucking operations of Ryder Systems, Inc. in the southeastern United States, subject to regulatory approval. Annual revenues exceeded $27 million last year.

In early 1990, Trimac invested $8.7 million in 973,758 common shares of Chauvco Resources Ltd. at $9 per share to maintain its 29 per cent interest in this rapidly growing oil and gas producer.

Trimac invested an additional $2.5 million in Intera Information Technologies Corporation and now holds a 19 per cent interest. Intera made its initial offering of shares to the public in early 1990.

While these investments represent long-term positioning for the growth of Trimac, each of them involves some integration of operations or development of business prospects before they contribute to the growth of earnings.

Financial — Trimac earned $12.4 million during 1989, before unusual and extraordinary items, compared with $10.6 million the previous year.

Revenues were up 5.8 per cent to $338.6 million from $320.1 million the previous year.

Cash flow from operations was $38.1 million, up from $35.1 million in 1988.

The purchase of the Bovar drilling rigs provided further evidence of the depressed state of the contract drilling market. In recognition of this, Trimac wrote down the value of its Kenting rigs resulting in an after tax extraordinary charge of $27.0 million.

Net capital expenditures of $32.5 million, down from $40.5 million, were mostly for bulk trucking in the United States and Canada and truck leasing in Canada.

Total long-term debt, including current maturities, was reduced to $116.9 million, from $157.2 million. With lower debt and increased equity from the Tricil sale, Trimac now has a debt-to-equity ratio of 0.90 to 1. It was 1.51 to 1 at the end of 1988.

Operations — The bulk trucking operations of the Trimac Transportation System increased revenues in Canada and the United States, although some weakening of the economy was evident near year end. The company will continue its strategy of growing operations into new geographic areas.

Rentway Canada Ltd. continued to develop its niche in the truck leasing market. It is assimilating the rapid growth of the last several years and is strategically located in major markets with a solid potential.

The Kenting Drilling companies endured their worst year ever in 1989. Trimac believes the market will be slightly better this year and is confident the drilling business will improve substantially in the 1990s.

Trimac is committed to being a leader in contract drilling in Canada and the United States. With the addition of the Hi-Tower, Sedco and Apollo rigs, it is well positioned as the dominant contractor in Canada and the northern United States.

Personnel — One component of Trimac's strategy is to provide a work environment that is directed, yet participative, and which offers each employee the opportunity to realize his or her career aspirations. This is within the common goal of providing a superior service to our customers and creating value for our shareholders. Trimac has more than 3,400 individuals in a wide range of careers at more than 150 locations. In this decentralized company the ability of our people to work together and to take initiative and responsibility has made Trimac a leader in each of its business areas. On behalf of the shareholders and directors of Trimac, we thank each of these individuals for their dedication and contribution.

J.R. McCaig

J.R. McCaig
Chairman,
March 1, 1990

An increasing number of Trimac trucks have aerodynamic design to improve operating efficiency.

TRANSPORTATION SERVICES

The Trimac Transportation System is a wholly owned operation of Trimac Limited. It is in the business of providing bulk highway hauling and related distribution and transportation management services to industrial customers across the United States and Canada. Trimac hauls any material or product that can be moved in bulk. It is among the largest bulk trucking companies in North America with more than 2,400 people and 1,456 power units working from 87 locations.

INDUSTRY OVERVIEW

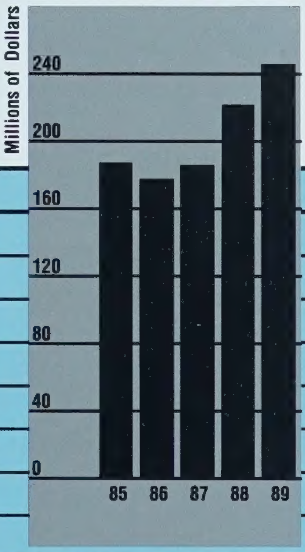
Consolidation among bulk trucking companies has intensified with many bulk trucking firms for sale in the United States and Canada. This results from the general financial weakness of the industry after several years of over-capacity and deregulation. Trimac is an exception with strong financial performance.

Environmental protection grew in importance, particularly around the disposal of washwater from internal tank cleaning and the handling of hazardous cargos.

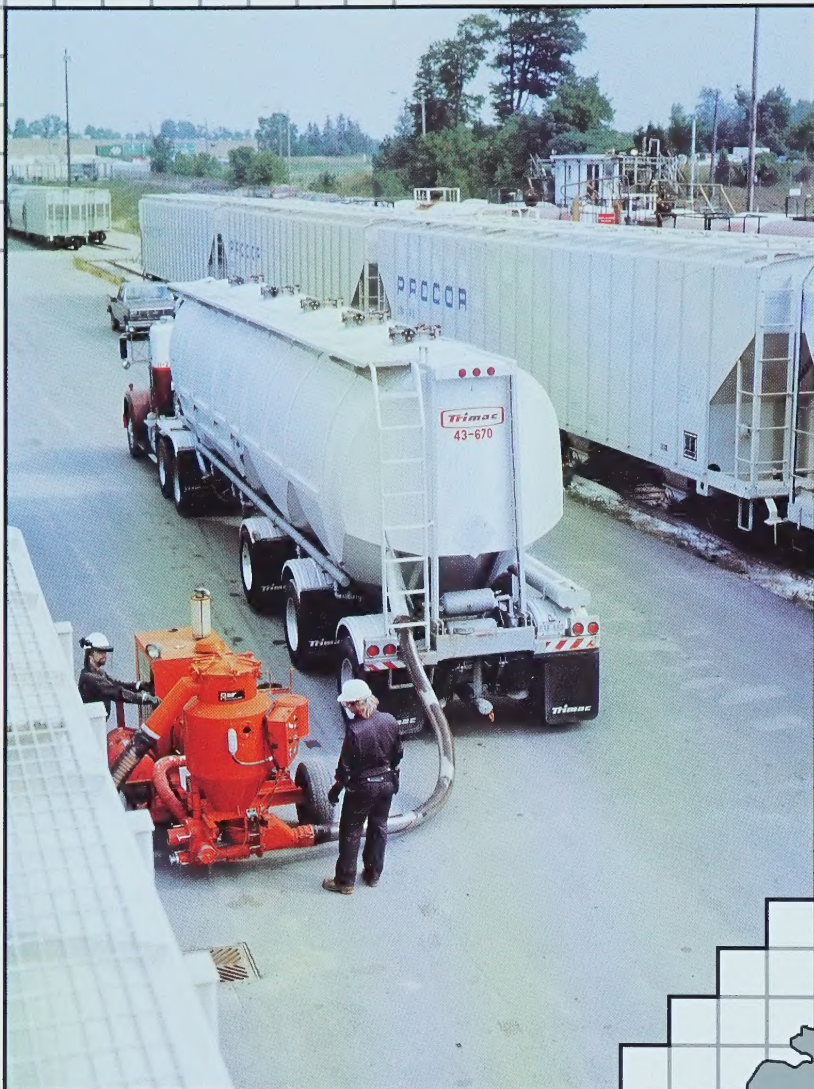
The idea of "working partnerships" between shippers and carriers is spreading more widely. These joint efforts aim to create the best transportation value by designing the right service and delivering it reliably at a competitive price.

Safety—of the workers, of the travelling public, of the environment, of the cargo—has taken on renewed importance.

TRANSPORTATION REVENUES



Summary	1989	1988
(thousands of dollars)		
Revenues	$245,864	$220,687
Earnings before interest and taxes	19,449	18,857
Interest	7,831	5,812
Cash from operations	24,498	19,655
Identifiable assets	134,493	125,624
Long term debt	51,546	58,457
Depreciation and amortization	14,989	12,752
Net capital expenditures	19,978	24,376



Trimac operates
the Cargoflo
rail-truck intermodal
facility in Toronto.

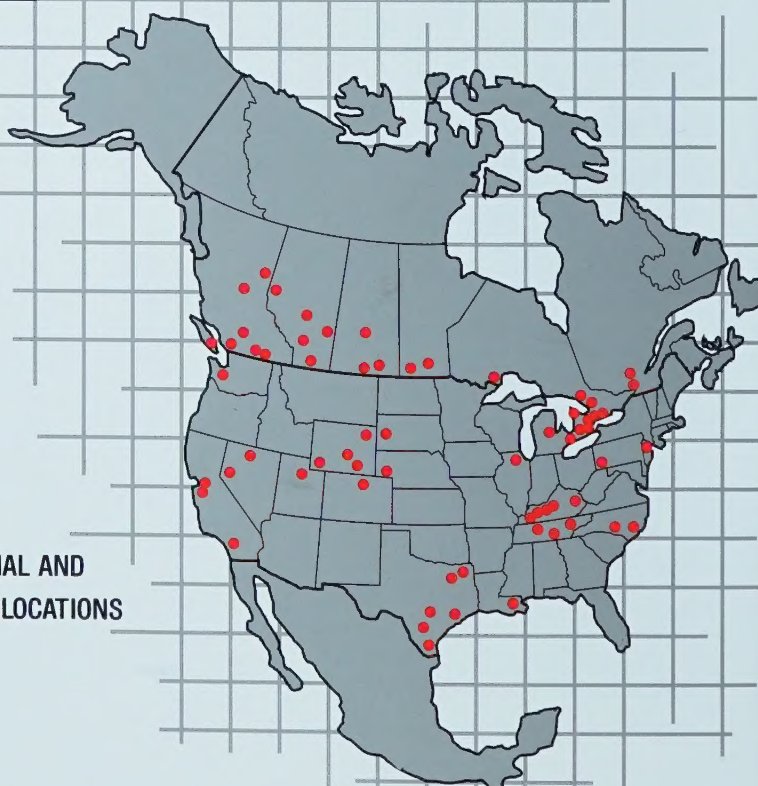
One reflection of this is the industry-wide difficulty in recruiting qualified drivers, particularly young people.

Operating efficiency has moved to the forefront as signs of a weakening economy began to be felt in the United States and Canada.

With deregulation in Canada, new competition has appeared. Several carriers have expanded into the major markets of Ontario, Quebec and cross-border hauling.

The full impact of the Free Trade Agreement has yet to be felt. International hauling is expected to increase as some shippers with manufacturing facilities in both countries amalgamate operations.

TERMINAL AND
OFFICE LOCATIONS



Trimac Transportation System — Record revenues were achieved by Trimac Transportation during 1989.

Increased business in Canada and acquisitions in the United States produced revenues of $245.9 million, an increase of 11.4 per cent from the previous year. Earnings before interest and taxes were $19.4 million, up from $18.9 million in 1988. Results from the U.S. operations were lower than expected, however, due to general softening of the U.S. economy, particularly in the second half of the year, and from losses while assimilating an acquisition in California.

Trimac's strategy is to continue growth in Canada and the United States that builds upon and complements existing operations. This includes acquisitions and terminal start-ups that extend into new areas or expand product hauls within existing operations.

The emphasis for growth is on the United States and selected parts

Cement is one of many important bulk commodities hauled by Trimac.

Trimac continues to acquire additional operations in the United States.

of Canada. Construction of new terminals is scheduled in 1990 for Dawson Creek, B.C.; Bristol, Pa.; and Houston, Tx.

Trimac agreed to purchase the bulk trucking operations of Ryder Systems, Inc. subject to regulatory approval. The acquisition will add nine branches in Alabama, New Jersey, Indiana, South Carolina, Louisiana and Texas when it closes in the spring.

The purchase of three trucking companies in the western United States increased revenues by $20 million over the previous year and offset a slight revenue decline in other United States hauling.

Towards the end of the year the cement trucking business in Texas showed some signs of recovery after years of decline. In Canada, the strong economy of British Columbia was the foundation for improved trucking revenues. Revenues elsewhere were near the levels of the previous year. Competitive pressures increased in Ontario and Quebec and on international routes.

A five-year, $10 million contract was negotiated for continued operation of the Canadian National CargoFlo terminal which handles rail-truck transfer of a variety of dry and liquid

HAULING CAPABILITIES*	Canada	U.S.	Total
Power Units (owned and leased)	759	697	1,456
Trailers	2,062	1,405	3,467
Terminals	43	44	87

*Ryder Bulk Transportation not included.

products in Toronto. Construction also began on a rail-truck transfer facility near Trail, B.C., which will begin operation in mid-1990 to handle lead and zinc concentrates under a 10-year, $20-million contract with Cominco and the Burlington Northern Railway.

Trimac has responded in several ways to the competitive pressures in both countries and to the ongoing trends in the market.

Further implementation of the Quality Assurance program is a priority. This process requires considerable change by managers and employees as they adopt new approaches, including formation of Continuous Improvement teams in each branch. The teams take on specific assignments, such as seeking new and better ways to meet company operating standards or to satisfy a customer's service requirement. The results are encouraging.

Trimac continued to examine and adopt new equipment. This included trials with advanced technology systems for communicating with drivers, and enhancements to computerized business systems. Special trailers have been designed which haul combinations of products, such as liquid and lumber, on different legs of a trip.

A centralized dispatch system has been established for all long-distance hauling of liquid products. This dispatch system, located in Louisville, Ky., connects with branches across North America to co-ordinate loads and improve equipment utilization. A similar approach is being taken for dry bulk hauling on a regional basis out of Rapid City, S.D.

An 8-axle insulated acid/chemical train.

Kenting Rig 20 drills a critical sour gas well in the Alberta foothills, requiring special equipment and training.

ENERGY SERVICES

Trimac provides contract drilling services for the development of oil and natural gas reserves in Canada, the United States and Europe. It is one of the largest drilling contractors, operating 87 rigs. A 50 per cent owned affiliate markets 16 rigs in the southwestern United States.

INDUSTRY OVERVIEW

The contract drilling industry had its worst year ever during 1989 but finished with encouraging signs of improved demand.

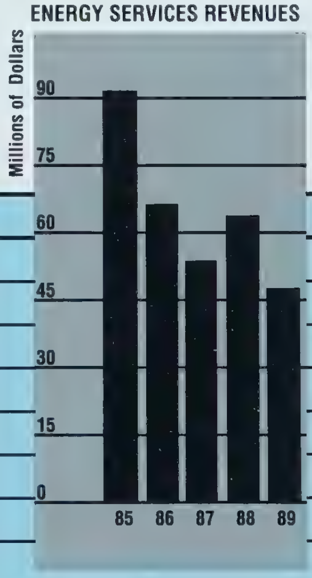
On average, 30 per cent of the drilling rigs in Canada and 35 per cent in the United States were working during the year, well below the levels needed for industry profitability.

Several of the factors that created this dismal performance are changing and creating the potential for improvement. However, an immediate recovery is not expected.

Although the demand for drilling rigs remains far below industry capacity, the gap is narrowing. Both the United States and Canadian drilling fleets declined approximately 10 per cent in 1989 through attrition.

Low 1988 oil and natural gas prices resulted in conservative exploration and development programs in 1989. Prices were about 20 per cent higher in 1989 and industry surveys indicate expenditures will rise 10 to 15 per cent in 1990.

ENERGY SERVICES REVENUES



Summary	1989	1988
(thousands of dollars)		
Revenues	$48,343	$ 63,303
Earnings before interest and taxes	608	1,287
Interest	3,102	2,578
Cash from operations	1,788	4,188
Identifiable assets	71,070	100,773
Long term debt	19,731	23,421
Depreciation and amortization	5,663	6,892
Net capital expenditures	837	2,776

RIG CAPACITIES*			
Maximum Depths	Canada	U.S.	Europe
2 300 m (7,500 ft.)	28	0	3
3 100 m (10,500 ft.)	16	2	2
3 800 m (12,500 ft.)	7	8	2
4 550 m (15,000 ft.)	–	9	2
6 100 m (20,000 ft.)	7	1	–
	58	20	9

*Cactus not included

Exploration activity was reduced in North America since many of the major petroleum companies searched elsewhere in the world for larger reserves.

Several major company mergers and acquisitions resulted in numerous oil and gas assets being offered for sale. Many petroleum companies found it more economic to purchase reserves rather than explore for them, which contributed to lower rig activity. However, the mergers also had a positive impact through the release of lands that are attractive drilling prospects for smaller companies.

Other encouraging trends include the rising world petroleum demand and the growing gap in the United States between oil consumption and domestic production.

Also, Canadian gas production is up 20 per cent in the last two years with increased sales in both Canada and the United States. A growing proportion of the wells drilled in Canada have gas as the target.

While the timing and impact of these influences are difficult to determine, they provide a basis for greater confidence about the future.

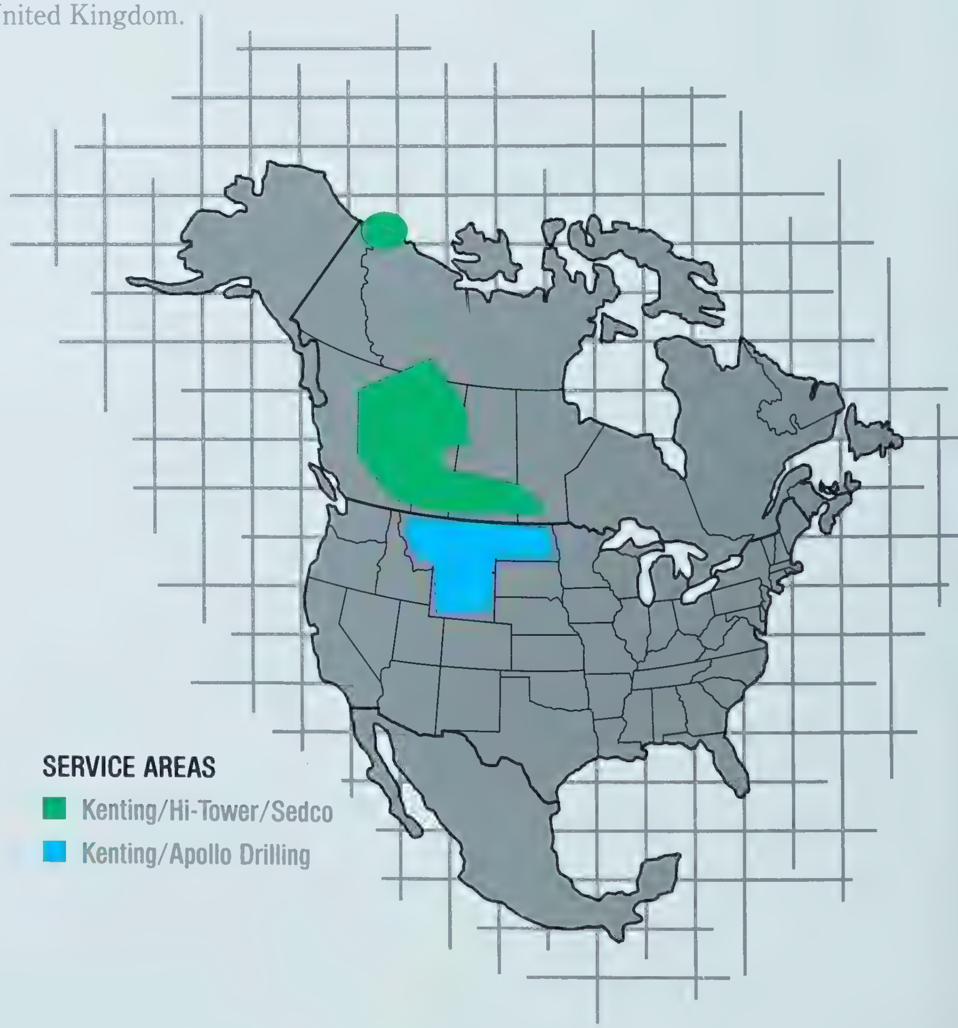
Kenting Energy Services – The most significant development for Trimac's drilling business came at the end of the year when it more than doubled its rig fleet with the purchase from Bovar Inc. of Hi-Tower, Sedco and Apollo drilling.

With Sedco, Trimac enters the shallow drilling market (less than 2 000 metres) which has traditionally been the most active segment of the business.

These newly acquired operations are being merged with Trimac's established Kenting Drilling divisions. They will operate 58 rigs in western Canada, considerably more than the next largest competitor. In the United States, the fleet increased to 20 rigs. Nine rigs remain in the United Kingdom.

In 1989, the bright spots for the Kenting Drilling companies were their successes in horizontal drilling in the northern United States and their recognition in Canada as industry leaders in safety.

Revenues for Kenting Drilling decreased to $48.3 million from



$63.3 million in 1988. Earnings before interest and taxes were also lower and the net loss was larger than in 1988.

Recognizing the uncertainty of the drilling markets, the company wrote down the value of Kenting's 38 owned rigs (two others are leased). This resulted in an extraordinary charge of $27.0 million after tax.

The decline in results was mostly in Canada. They were also very poor in the United Kingdom where the on-land search for petroleum has slowed.

Revenues and earnings increased in the United States where Kenting has established itself as the leading driller of horizontal wells in the Williston Basin of North Dakota and Montana.

These wells require heavier equipment and more experienced crews than conventional drilling. Although they cost more, they are being adopted as the most effective way to develop some of the Williston Basin reserves. Their success is leading to more widespread interest.

In Canada, Kenting Drilling won the Group A Award of the Canadian Association of Oilwell Drilling Contractors for the best safety record among the large drilling companies.

Kenting Rig 30 drilling a horizontal well in the Williston Basin of North Dakota.

Cactus Drilling

The financial results of Cactus Drilling are not included in the consolidated financial statements of Trimac Limited. They are summarized in Note 10 on page 35. Cactus Drilling, which is owned 50 per cent by Trimac, currently markets 16 drilling rigs in the Permian Basin of West Texas and eastern New Mexico. Another 11 rigs are stacked. Cactus continues to operate in an extremely efficient and safe manner in difficult circumstances. A disappointing start to 1989 was overcome with a recovery in the second half when most financial and performance goals were met. Although there are some signs of improvement in the United States drilling industry, the outlook for Cactus continues to be uncertain. As a result, Trimac has made full provision for its remaining $2.3 million advance to Cactus.

Preventive maintenance is one of the strengths of Rentway's leasing and rental programs.

LEASING AND RENTALS

Rentway Canada Ltd./Ltée. is in the business of truck fleet management, providing truck leasing, rentals and programmed maintenance for business and government customers from Montreal to Vancouver. Rentway, a wholly owned subsidiary of Trimac, operates a fleet of more than 2,500 vehicles from 13 company operated locations and five agencies.

INDUSTRY OVERVIEW

The truck leasing and rentals industry is experiencing a number of changes.

The low pricing on long-term lease contracts during the last two years has eased as some competitors have encountered major profitability problems.

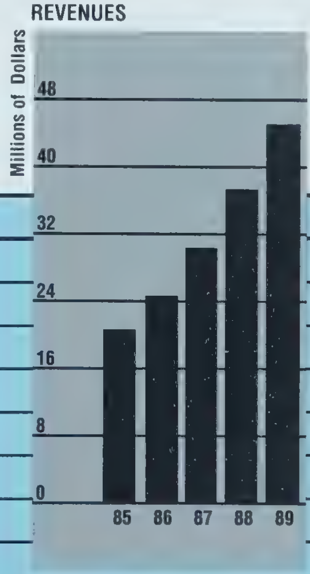
An ongoing oversupply of used vehicles has led to a decline in prices for used trucks. The price received for used equipment is an important factor in the overall profitability of a truck leasing business.

The low prices are also spilling over into the market for short-term commercial rentals. Rather than selling vehicles at distress prices, some companies are putting them in their rental fleets at low rates.

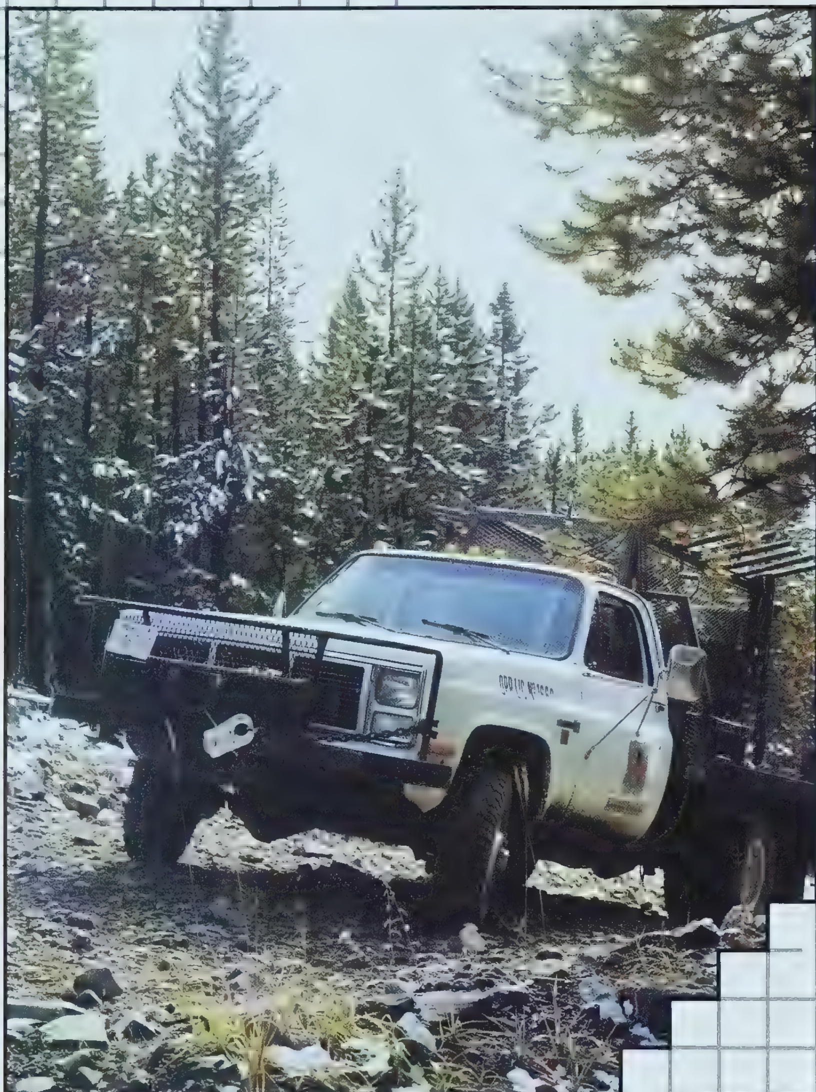
These factors and signs of a slower economy, particularly in Quebec and southern Ontario, tend to offset the rate improvements.

Some rationalization of the industry has taken place and further consolidation could occur.

LEASING AND RENTAL REVENUES



Summary	1989	1988
(thousands of dollars)		
Revenues	**$45,063**	$36,908
Earnings before interest and taxes	**7,999**	7,304
Interest	**5,993**	4,550
Cash from operations	**14,298**	12,592
Identifiable assets	**63,822**	61,886
Long term debt	**42,995**	44,218
Depreciation and amortization	**13,777**	11,603
Net capital expenditures	**12,666**	15,795



Rentway specifies each vehicle, including four-wheel drive on many resource and construction projects.

Rentway — A strategy of slower growth was pursued by Rentway during 1989 after several years of expansion.

During the year, the company integrated a major acquisition in Montreal, completed a full year of operation with its modest extension into the United States, and relocated its Calgary branch into new and larger premises.

Revenues were $45.1 million during 1989, an increase of 22 per cent from 1988. Earnings were $8.0 million before interest and taxes compared with $7.3 million a year earlier.

The full service lease continued as Rentway's main business line, accounting for 60 per cent of revenues. These leases, under which vehicles are provided for periods of more than one year, include full preventive maintenance, repairs and a complete

LEASING LOCATIONS

range of other support services necessary to operate the vehicles efficiently.

Most of Rentway's locations operate 24 hours a day. This means that regardless of a customer's delivery hours, their trucks can be serviced when they are not required by the client.

The leasing program is well-established in eastern Canada and it is being marketed more aggressively in the West.

Rentway vehicles under full service lease are painted in the customer's colours.

Rentway's vehicle management system for private fleet operators that own rather than lease their trucks, provides full preventive maintenance and other support services, just as it does for lease customers. This allows Rentway to demonstrate its service capabilities and encourage customers to convert their owned fleets to a lease. Vehicle management, which provides about 15 per cent of revenues, also improves utilization of shop facilities and enables Rentway to offer optimum service hours.

Rentway has a unique project rental service under which vehicles, mostly four wheel drive and half-ton trucks, are furnished for terms of less than a year. Pipeline construction in eastern Canada strengthened the demand for project rentals during 1989 and offset the weaker demand from the agriculture and energy industries in western Canada. Further pipeline construction is scheduled for the Prairies beginning this year.

In 1990, Rentway plans to focus on operations, utilization of existing facilities and refinement of business systems. While this will be the basis for profit improvement during the coming year, the company will also be watchful for growth opportunities.

The Special Waste Treatment Centre at Swan Hills, is 60 per cent owned by Bovar Inc.

AFFILIATED BUSINESSES

Trimac has investments in six companies. These investments are either related to existing or previous businesses and represent diversification strategies for Trimac. They include the fields of environmental services, petroleum exploration and development, engineering and construction, information technology services and oilfield equipment supply.

Bovar Inc. — While Trimac sold its interest in Tricil Limited during 1989, it believes the environmental service industry holds good potential.

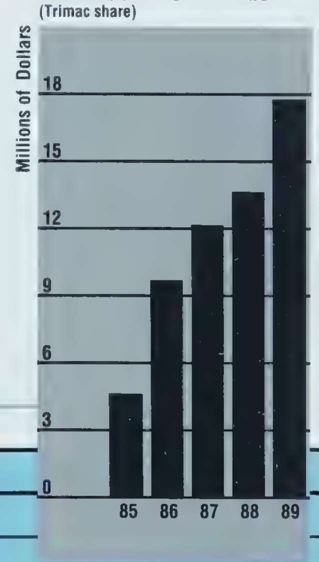
The attraction of this business was a key element in Trimac's decision to purchase 46 per cent of Bovar Inc. Bovar's revenue from environmental services in 1989 was $34.7 million.

Bovar owns 60 per cent of the Alberta Special Waste Treatment Centre near Swan Hills and a Bovar subsidiary, Chem-Security (Alberta) Ltd., is the operator. This is an integrated state-of-the-art facility that has a comprehensive range of treatment options for all kinds of industrial and hazardous wastes, including the incineration of PCBs.

A related Bovar company, Chem-Security Ltd., provides other special waste management services outside of Alberta.

Bovar also owns Western Research which provides process control instrumentation, testing and environmental monitoring services to the oil and gas processing and sulphur recovery industries worldwide.

EARNINGS BEFORE TAXES
(Trimac share)



Summary	1989	1988
(thousands of dollars)		
Trimac's share of earnings before taxes	$17,783	$13,594
Trimac investment	33,330	58,552

Oil production near Chauvin in east-central Alberta.

The growing demand for environmental services, particularly hazardous waste consulting, analysis and management, provides a strong outlook for these companies.

Bovar also has interests in manufacturing and distribution — Mainland Manufacturing, Mainland Oilfield Supply and 50 per cent of Western Star Trucks.

Mainland Manufacturing makes capital equipment, on a custom basis, for the forestry, marine, mining and petroleum industries.

Mainland Oilfield Supply distributes exploration, development and production equipment to the oil and natural gas industry from 14 locations in western Canada.

Western Star Trucks produces heavy duty, diesel powered trucks of the type used to pull semi-trailer units. Sales are mostly in North America with assembly at a plant in Kelowna, B.C.

Chauvco Resources — Chauvco embarked upon a major expansion at the end of 1989 with two acquisitions that doubled its oil and gas reserves and its production.

The purchases make Chauvco, in which Trimac has a 29 per cent interest, one of the 25 largest independent oil and gas producers in Canada.

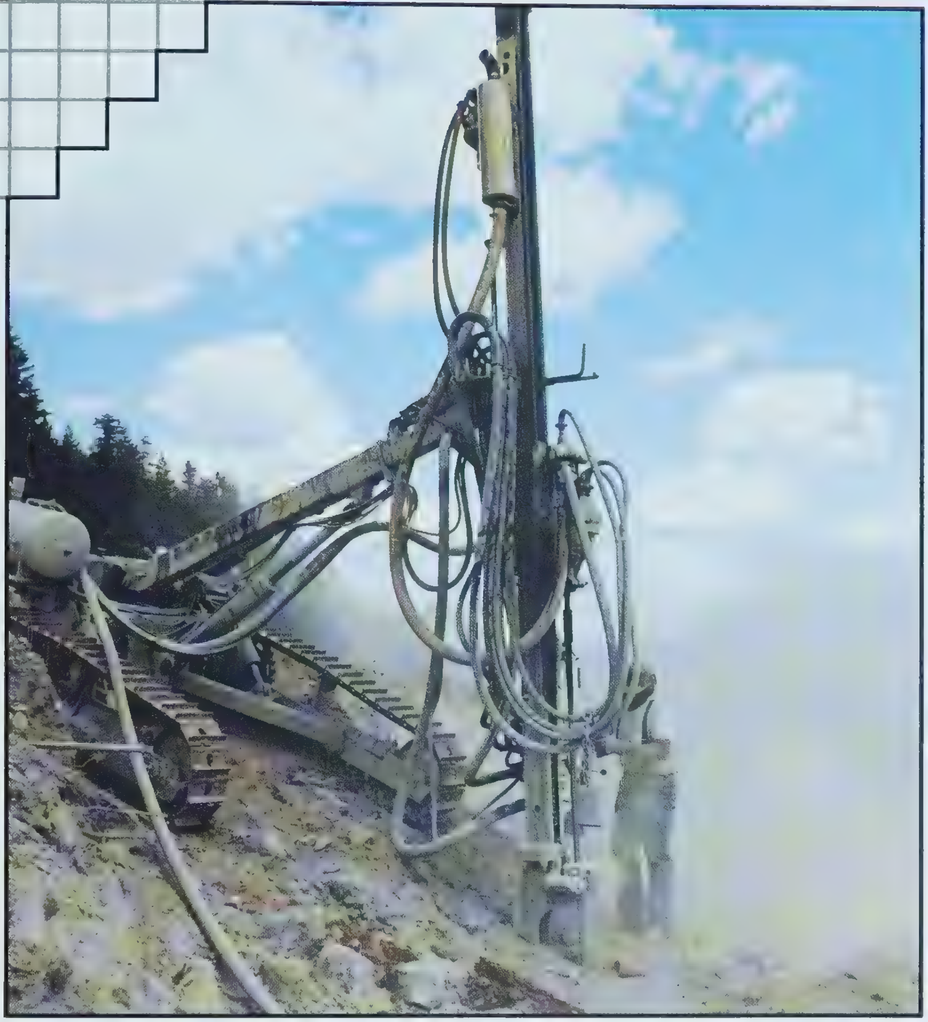
These acquisitions also provide the opportunity for additional development of existing reserves and the exploration of new lands.

The purchases, for $83.8 million, were financed through a $55 million increase in bank borrowings and a $30 million equity issue of which Trimac purchased its pro rata share for $8.7 million.

The assets purchased included the Alberta and British Columbia properties of Ultramar Oil and Gas Canada Limited and the Canadian assets of Carlyle Energy Ltd. Together, they added 10.5 million barrels of oil to Chauvco's reserves and 89 billion cubic feet of natural gas.

Chauvco also added reserves through its active exploration and development program which more than offset production. Continued work in the central regions of Alberta and Saskatchewan is expected to further increase reserves in 1990. The company invested $19.0 million on exploration and development in 1989.

With production doubling in 1990, cash flow will rise substantially. Some of it will be used to repay debt and some will fund increased exploration and development which, by the end of 1991, is expected to double from current levels as the company assesses its newly acquired properties.



Drilling and blasting on a Banister pipeline project in northern Ontario.

Banister — The resumption of major pipeline projects and continued high volumes in civil, industrial and building construction gave Banister Continental Ltd. increased revenues during 1989 and a record backlog of work at year end.

However, difficulties on some individual construction projects resulted in an overall loss for the year.

Banister had total revenues of $645.7 million and incurred a pre-tax loss of $7.8 million. Trimac owns 17 per cent of Banister and its share of this loss, before taxes, was $1.4 million.

Banister completed a major pipeline contract during 1989 and additional pipeline expansion programs have been announced. The number of pipeline contracts out for tender is the highest since the early 1980s.

Several major civil construction projects were awarded to Banister. Industrial and building construction

Chauvco management is optimistic about industry prospects. A major focus for 1990 will be the expansion of the staff resources and business systems needed to handle the expanded operation.

Chauvco had total revenue of $26.2 million, cash flow of $16.1 million and net earnings of $4.5 million in 1989. Trimac owns 29 per cent and its share of earnings was $1.5 million.

CHAUVCO'S NET PROVEN AND PROBABLE RESERVES*	1989	1988
Crude Oil and NGLs (thousands of barrels)		
Proven	**18,438**	7,844
Probable	**6,033**	4,321
Total	**24,471**	12,165
Natural Gas (billions of cubic feet)		
Proven	**116.4**	50.6
Probable	**23.7**	9.3
Total	**140.1**	59.9

LAND*		
Gross (acres)	**1,610,881**	590,847
Net (acres)	**740,903**	195,329

* Carlyle and Ultramar included

Intera equipped a jet aircraft with special radar and computers for a major ice reconnaissance contract.

also increased, especially in western Canada. A major project was civil, mechanical and electrical work on a pulp mill in northern Alberta. The corporation's largest contract, construction management of Terminal III at Toronto's Pearson airport, was extended to include an adjacent hotel and office complex.

The market for mechanical-electrical work continues to be strong in central Canada although utility installation in this region is expected to soften with a slowdown in residential construction.

In the remainder of Banister's business areas, the outlook is favourable. Industrial projects, pipeline construction and the Vancouver building markets are expected to be strong.

Bantrel — Bantrel Inc. continued to expand its engineering, procurement and construction services to the Canadian petroleum industry. Trimac owns 20 per cent.

Bantrel, which began business with less than a dozen people in 1983, has a reputation for quality work in refineries, petrochemicals, heavy oil and oilsands plants, and in the Arctic and offshore areas.

Staff increased to 400, including more than 300 technical personnel, as it worked on several major projects.

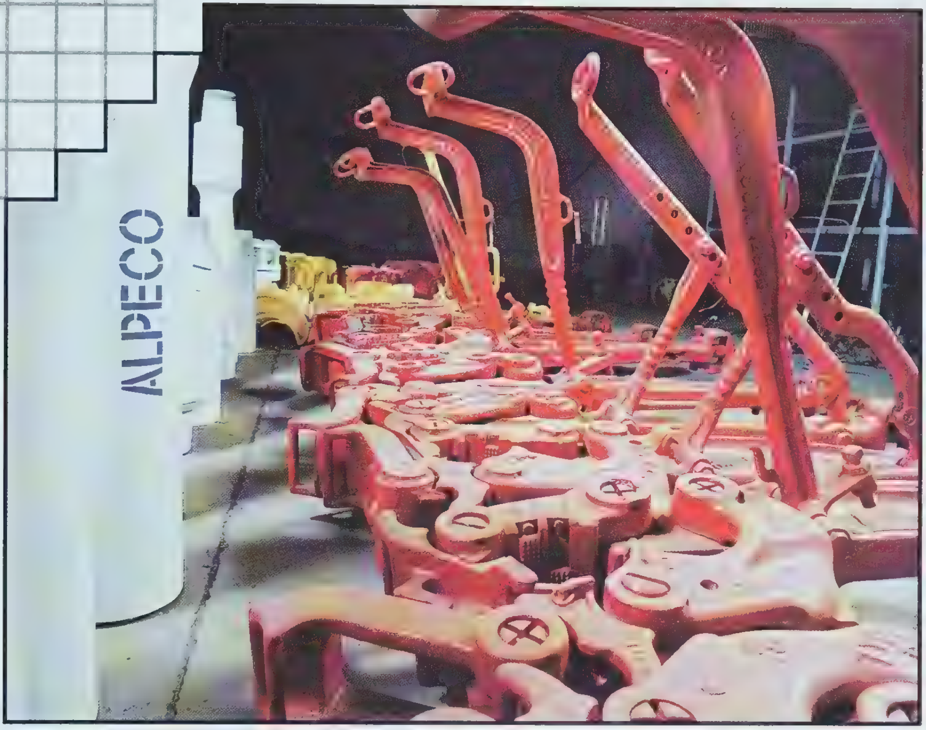
The largest of these is detailed engineering and procurement on the crude unit and hydrotreaters and on the offsites and utilities contracts for the Husky Oil upgrader at Lloydminster. The offsites and utilities work is being performed in a joint venture. Bantrel, in conjunction with two other companies, has been awarded a contract to participate in construction management of the upgrader.

Bantrel completed a major gas plant engineering and procurement contract. It continues to pursue additional contracts involving gas plants, refineries, petrochemicals and offshore projects.

Bantrel's continued commitment to quality has been the key to obtaining several sole source contracts without competitive bidding. Bantrel has a formal Quality Management program that involves the client and project teams sharing in decision making and performance monitoring. This has enabled Bantrel to develop and maintain its leading role in the industry.

Intera Technologies — Intera supplies sophisticated information products and services to industry and government for resource management around the world.

Activities include development of computer software for the analysis of petroleum reservoirs and related



Alpeco buys, sells and rents surplus oilfield equipment.

services, collection of data through airborne radar and other surveys, and map production.

A key part of Intera's approach is to apply commercially, technologies that have been derived from research. The company spent $6.9 million in research and development during 1989. External sponsors funded $5.2 million and the remainder was funded internally.

Two new mapping and reconnaissance technologies were successfully put into operation last year and are the basis for contracts which will provide more than 20 per cent of revenue during 1990.

The first of these is the STAR-2 System which uses Intera's proprietary airborne radar system mounted on a Challenger jet to map ice movements in the Canadian Arctic and off the east coast. Following two years of development, operations began in January on a contract with the federal government that will generate $57.2 million in revenues over six years.

The second major application is another proprietary technology called STAR-MAP which uses airborne radar and computer processing to produce three-dimensional terrain models. It is the basis for a contract with the United States Defence Mapping Agency that will produce $9.4 million in revenue during the first year of a potential multi-year contract.

Intera's established line of ECLIPSE computer software, used to analyze oil and gas reservoirs and to design production methods, continued to expand its share of the market.

The system, installed at more than 150 sites in major oil producing regions of the world, provides about 10 per cent of Intera's revenues.

Intera operates around the world, with 34 per cent of 1989 sales in Europe, 19 per cent in Canada, 17 per cent in the United States, 14 per cent in Asia and 10 per cent in Africa.

Trimac owns 19 per cent of Intera. Trimac's share of Intera earnings before taxes was $0.4 million in 1989, an increase of 60 per cent from 1988.

Alpeco — The Alberta Petroleum Equipment Co. Ltd. (Alpeco) has become a leading supplier of used oilfield equipment in western Canada after slightly more than two years of operation.

Alpeco doubled its revenues during 1989 as it pursued the sale of drilling rigs and related equipment in the United States and overseas markets.

The company demonstrated its ability to handle large equipment transactions with the purchase of 15 rigs in Canada and the United States. These were repackaged and nine rigs were sold.

These rigs were bought in a cash and shares transaction that enlarged Alpeco's equity base and diluted Trimac's interest in the company to 42 per cent, from 50 per cent.

In Canada, the market for surplus equipment was flat since the drilling and well servicing industries encountered their lowest activity in years. However, Alpeco's rental business grew as customers turned to this alternative means of meeting their equipment needs.

MANAGEMENT DISCUSSION AND ANALYSIS

Results of Operations — Total revenue of $338.6 million in 1989 increased by $18.5 million or 5.8 per cent over 1988. Revenue from Trimac Transportation increased by $6.4 million in Canada due to increased volumes and by $18.8 million in the United States as full year results are included in 1989 from the three acquisitions made in 1988. Revenue from equipment leasing increased by $8.3 million over 1988. Contract drilling revenues, however, declined by $14.8 million in 1989 reflecting the depressed state of the drilling markets mainly in Canada and the United Kingdom.

Operating earnings of $26.9 million were marginally improved over the $26.6 million recorded in 1988. Results from contract drilling were lower in 1989 and offset, to a large extent, improved operating earnings in Canadian transportation and equipment leasing. Also, operating results from U.S. transportation were approximately 4 per cent below 1988 levels due to a weaker second-half economy and losses from assimilating an acquisition in California.

Pre-tax earnings of affiliates increased to $17.8 million from $13.6 million in 1988 due principally to improved results from Tricil. The completion of the sale of Tricil in December 1989 will result in lower earnings from affiliates in 1990. A portion of the proceeds from the Tricil sale have been reinvested in other businesses, which is discussed more fully under "Investments and Acquisitions".

Earnings before taxes of $21.4 million increased by $1.7 million over 1988.

Trimac's effective tax rate decreased from 46.4 per cent in 1988 to 41.9 per cent in 1989 mainly as a result of the reduction in the statutory tax rate.

Earnings before unusual and extraordinary items were $12.4 million, an increase of $1.8 million over 1988.

Unusual items in 1989 amounted to a $6.1 million charge before provision for income taxes. Results from the operations of Kenting Projects have been classified as a discontinued business, as Trimac agreed to sell this business in early 1990. Prior year results have been restated to reflect the results from Kenting Projects as discontinued. Trimac also made full provision for its remaining advance to Cactus, resulting in a before-tax charge of $2.3 million.

Extraordinary items of $34.7 million, detailed below, increased net income to $43.3 million for the year.

As discussed previously, Trimac sold its 50 per cent interest in Tricil for $120.0 million resulting in an after-tax extraordinary gain of $57.1 million.

Trimac reduced the carrying value of its drilling rigs by $47.2 million resulting in an after-tax extraordinary charge of $27.0 million due to the continued depressed markets in the contract drilling industry. Although this represents a substantial charge to equity, it results in this equipment being carried at what management believes to be their ultimate recoverable amount. Further, the book value of these rigs is now on a basis comparable with that of the drilling rigs acquired in the December 1989 acquisition of the Hi-Tower, Sedco and Apollo drilling businesses.

Lastly, extraordinary gains of $4.6 million were realized due to utilizing previously unrecorded tax loss benefits in Canada and the United States.

New accounting recommendations which greatly restrict the events

which qualify as extraordinary items will be effective for 1990. If these recommendations had been adopted retroactively for 1989, the above three items would not have been considered extraordinary and would have increased earnings before extraordinary items by $34.6 million ($1.14 per share).

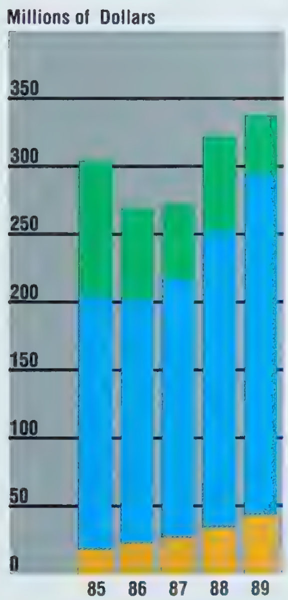
Investments and Acquisitions — The sale of Tricil allowed Trimac to make significant strategic acquisitions in the latter half of 1989 and early 1990. An increased commitment to the drilling business and a renewed position in the environmental services industry occurred with the investment of $33.4 million for the purchase of the Hi-Tower, Sedco and Apollo drilling assets, the $10 million convertible preferred shares of Bovar Inc. and the 46 percent interest in Bovar Inc.'s common shares.

Consistent with its strategy to expand further into the United States, Trimac Transportation agreed to purchase the bulk hauling operations of Ryder Systems, Inc. This transaction is anticipated to close in the first quarter of 1990 although it is not expected to contribute significantly to earnings until after 1990.

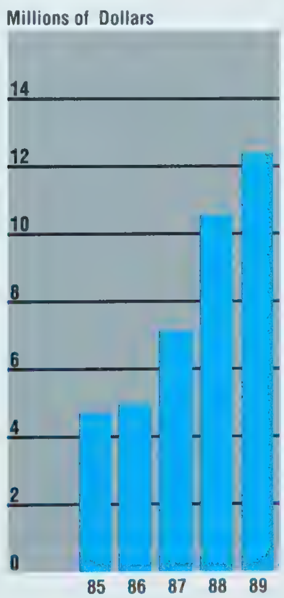
Trimac also made a further $8.7 million investment in January 1990 to purchase 973,758 common shares of Chauvco Resources Ltd. Trimac's total holdings of 4,836,695 shares will represent approximately a 29 percent interest in this company.

In February, 1990 Trimac acquired an additional 227,275 common shares of Intera Technologies Corporation for $2.5 million. Trimac now owns 982,408 common shares of Intera or 19 percent of the total outstanding.

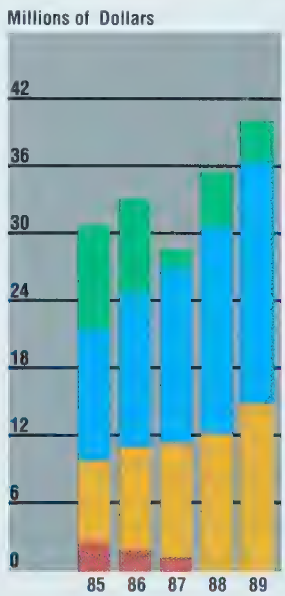
Financial Resources and Liquidity — Cash from operations was $38.1 million in 1989, a $3.0 million increase from $35.1 million recorded in 1988. Net capital expenditures were $32.5 million, a decrease of $8.0 million from 1988. The accompanying chart provides further information on capital expenditures.



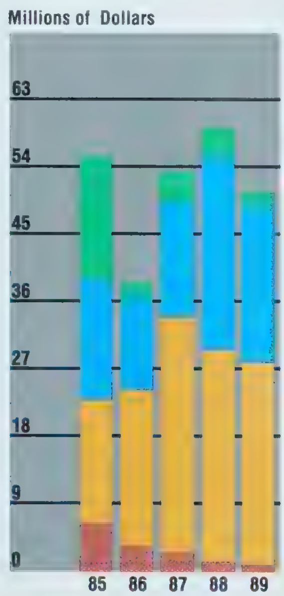
OPERATING REVENUES
Energy
Transportation
Equipment Leasing



EARNINGS BEFORE UNUSUAL AND EXTRAORDINARY ITEMS



CASH FROM OPERATIONS
Energy
Transportation
Equipment Leasing
Other



GROSS CAPITAL EXPENDITURES
Energy
Transportation
Equipment Leasing
Other

Depreciation and amortization was $35.3 million, $3.3 million over 1988 and slightly in excess of net capital expenditures.

Net proceeds on the disposal of Tricil were $118.2 million. In addition to the investments and acquisitions which Trimac made, long term debt was reduced by $40.3 million in the year. Trimac has agreed with Laidlaw Inc., the holder of the $24.0 million Class B Preferred Shares, to redeem these preferred shares at par on June 30, 1990.

Cash and term deposits at the end of 1989 totalled $52.4 million, an increase of $27.5 million over 1988. This increase arose principally as a result of the sale of Tricil, reduced by additional investments made and repayments of long term debt. Total long term debt, including current portion, of $116.9 million was $40.3 million below the comparable figure from 1988. The debt/equity ratio, assuming the $30 million convertible debenture is not converted, decreased to 0.90:1 from 1.51:1 at the end of 1988.

OUTLOOK

Trimac's commitment to expanding trucking operations continues as indicated by our recent agreement to purchase the bulk trucking operations of Ryder. The near term future for contract drilling is less certain, as evidenced by the relatively low rig utilization of 30% in Canada. An increase in the utilization rate to 35% in 1990 is a reasonable expectation and Trimac believes that, in the longer term, this industry will show substantial growth.

Leasing results will continue to be affected by the surplus of used vehicles and likely will not grow substantially in the next year. Trimac's investment in affiliates offers diversification in its portfolio of businesses and provides attractive opportunities for asset appreciation.

TOTAL LONG TERM DEBT

(thousands of dollars)	1989	1988
Transportation services	**$ 51,546**	$ 58,457
Truck leasing	**42,995**	44,218
Contract drilling	**19,731**	23,421
Trimac House	**—**	15,000
Affiliates	**—**	13,206
Other	**2,620**	2,909
Total	**$116,892**	$157,211

NET CAPITAL EXPENDITURES AND INVESTMENTS

(thousands of dollars)	Transportation Services	Truck Leasing	Energy Services	Other	Total
Net capital expenditures	$19,978	$12,666	$ 837	$(1,004)	$32,477
Business acquisitions	–	–	35,148	—	35,148
Investment in affiliates					
—Intera				2,400	2,400
—Other				(341)	(341)
				2,059	2,059
Total—1989	$19,978	$12,666	$35,985	$ 1,055	$69,684
—1988	$36,277	$15,795	$ 2,776	$ 5,399	$60,247

CONSOLIDATED STATEMENT OF EARNINGS & RETAINED EARNINGS

TRIMAC LIMITED AND SUBSIDIARY COMPANIES

(thousands of dollars) Years ended December 31	1989	1988
REVENUES	$338,635	$320,081
OPERATING COSTS AND EXPENSES		
Direct	229,769	216,148
Selling and administrative	47,252	47,172
Depreciation and amortization	35,308	31,951
Gain on sale of assets (net)	(548)	(1,806)
	311,781	293,465
OPERATING EARNINGS	26,854	26,616
EARNINGS OF AFFILIATES	17,783	13,594
	44,637	40,210
Interest—long term debt	(21,112)	(16,716)
Other interest (net)	2,292	1,776
General and administrative costs	(4,442)	(5,563)
EARNINGS BEFORE TAXES	21,375	19,707
Income taxes (Note 2)	8,964	9,141
EARNINGS BEFORE UNUSUAL AND EXTRAORDINARY ITEMS	12,411	10,566
Unusual items (Note 3)		
Discontinued businesses	(3,745)	(2,996)
Other	(2,350)	(6,321)
	(6,095)	(9,317)
Deferred tax recovery	2,330	2,544
	(3,765)	(6,773)
EARNINGS BEFORE EXTRAORDINARY ITEMS	8,646	3,793
Extraordinary items (Note 11)	34,662	2,032
NET EARNINGS	$ 43,308	$ 5,825
EARNINGS PER SHARE:		
Before unusual and extraordinary items	$ 0.32	$ 0.30
Before extraordinary items	0.19	0.10
Net—Basic	1.33	0.16
—Fully diluted	1.14	0.16

	1989	1988
RETAINED EARNINGS, BEGINNING OF YEAR	$ 24,028	$ 33,232
Net earnings	43,308	5,825
Dividends:		
Common shares (stock dividend of 0.03 a common share per share)	—	(3,401)
Preferred shares 9.12% First Preferred Shares, Series A	(418)	(446)
Class B Preferred Shares (Note 9(b))	(2,326)	(137)
Reduction as a result of purchase of common shares	—	(11,045)
RETAINED EARNINGS, END OF YEAR	$ 64,592	$ 24,028

CONSOLIDATED BALANCE SHEET

TRIMAC LIMITED AND SUBSIDIARY COMPANIES

(thousands of dollars) December 31	1989	1988
ASSETS		
CURRENT ASSETS:		
Cash and term deposits	$ 52,416	$ 24,960
Accounts receivable	66,479	47,260
Income taxes recoverable	137	427
Materials and supplies	5,219	5,218
Prepaid expenses	11,323	9,338
	135,574	87,203
INVESTMENTS AND ADVANCES:		
Investments in and advances to affiliates (Notes 10 and 11)	33,330	58,552
Mortgage receivable (Note 7)	15,000	15,000
Notes receivable and other (Note 13)	4,606	4,166
	52,936	77,718
FIXED ASSETS (Note 4)	182,489	222,079
GOODWILL AND AUTHORITIES	4,968	4,285
	$375,967	$391,285
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Bank advances, secured	$ 8,709	$ 16,349
Accounts payable and accrued	53,371	43,759
Current maturities of long term debt	5,075	6,937
	67,155	67,045
LONG TERM DEBT (Note 6)	111,817	150,274
DEFERRED INCOME TAXES	3,591	19,849
CONVERTIBLE DEBENTURE (Note 8)	30,000	30,000
SHAREHOLDERS' EQUITY:		
Share capital (Note 9) — Preferred	30,235	30,555
— Common	72,259	71,940
	102,494	102,495
Cumulative translation adjustment	(3,682)	(2,406)
Retained earnings	64,592	24,028
	163,404	124,117
CONTINGENCIES AND COMMITMENTS (Notes 5 and 14)		
	$375,967	$391,285

Approved by the Board:

J. R. McCaig

J. R. McCaig, Director

A. Vanden Brink

A. Vanden Brink, Director

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

TRIMAC LIMITED AND SUBSIDIARY COMPANIES

(thousands of dollars) Years ended December 31	1989	1988
CASH PROVIDED (USED)		
OPERATIONS:		
Earnings before unusual and extraordinary items	$12,411	$10,566
Depreciation and amortization	35,308	31,951
Gain on sale of assets (net)	(548)	(1,806)
Deferred income taxes	1,152	1,953
Share of net earnings of affiliates	(10,533)	(7,565)
Other non-cash items	344	(13)
Cash from operations	38,134	35,086
Discontinued businesses	(4,128)	(2,065)
Net cash flow	34,006	33,021
INVESTMENTS:		
Purchase of fixed assets	(50,291)	(59,141)
Proceeds on sale of fixed assets	17,814	18,594
Net capital expenditures	(32,477)	(40,547)
Proceeds on sale of office building (net of costs and mortgage receivable)	–	25,110
Proceeds on disposal of investment (net of costs)	118,240	–
Acquisition of subsidiary companies	–	(11,901)
Acquisition of Bovar, including cash deficiency of $1,764 (Note 5)	(35,148)	–
Investment in affiliates	(2,059)	(7,799)
Net change in non-cash working capital balances	(4,381)	(5,315)
Redemption of preferred share investments	–	24,000
Other	(1,749)	(647)
Cash provided by (used in) investments	42,426	(17,099)
FINANCING:		
Increase in long term debt	973	43,642
Repayments of long term debt	(39,245)	(44,806)
	(38,272)	(1,164)
Repurchase of Corporation's common shares	–	(23,077)
Net change in working capital loans	(7,640)	2,389
Preferred share dividends and redemptions	(3,064)	(903)
Cash employed in financing	(48,976)	(22,755)
Net increase (decrease) in cash	27,456	(6,833)
Cash position, beginning of the year	24,960	31,793
CASH POSITION, END OF THE YEAR	$52,416	$24,960

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

TRIMAC LIMITED AND SUBSIDIARY COMPANIES—DECEMBER 31, 1989

NOTE 1. Summary of Significant Accounting Policies

Principles of consolidation

These consolidated financial statements include the accounts of Trimac Limited ("the Corporation") and its subsidiaries (collectively "Trimac"). All of the subsidiaries are virtually wholly owned; minority interests are immaterial.

Investments in affiliates (generally ownership of 14.1% to 50%) are accounted for by the equity method. Under the equity method, the cost of the investment, including goodwill at acquisition, is adjusted for Trimac's share of undistributed earnings or losses and capital transactions.

Goodwill and authorities

Goodwill and authorities are being amortized on a straight line basis over periods of up to 40 years, except for $2,157,000 which was acquired prior to March 31, 1974.

Income from contracts

Income from contracts is recorded by the percentage-of-completion method of accounting. Any anticipated losses are provided for in their entirety.

Fixed assets

Depreciation is provided at rates which will amortize costs to estimated residual values, over the assets' estimated useful lives, mainly as follows:

Asset	Depreciation Method	Estimated Useful Life (Years)
Land drilling rigs	Straight line (residual—15% to 25%)	15
Highway tractors	Varying percentages of original cost (residual—5.2%)	5 - 7
Highway trailers	Straight line (residual—4%)	7 - 8
Rental vehicles	Varying percentages of original cost	3
Lease vehicles	Varying percentages of original cost	2 - 5
Buildings and other	Various	4 - 25

Pension Plans

As at December 31, 1989, the actuarial present value of accrued pension benefits attributed to services rendered was $9,728,000 (1988—$10,710,000). The estimated value of pension plan assets was $13,526,000 (1988—$13,071,000).

Financial Statement Presentation

Certain comparative figures have been reclassified to conform to the current year's presentation.

NOTE 2. Income Taxes

Trimac's income tax provision is comprised of the following:

(thousands of dollars)	1989	1988
Current	$ 562	$1,159
Deferred	1,152	1,953
Affiliates	7,250	6,029
	$8,964	$9,141

The actual tax rate of 41.9% does not differ materially from the expected rate.

Loss carryforwards for which no benefits have been recorded total $US53,626,000 at December 31, 1989. These losses expire as follows: 1998—$39,262,000; 1999—$12,190,000; 2000—$472,000; 2002—$1,702,000.

As outlined in Note 5, approximately $104,300,000 of Canadian loss carryforwards were acquired and recorded as a deferred tax asset (reduction of deferred tax credits) of $15,600,000. During 1989, $15,283,000 of these losses were claimed. The difference between the proportionate reduction in the asset of approximately $2,500,000 and the 1989 tax benefit of $5,900,000 has been shown as an extraordinary item of $3,400,000. The remaining loss carryforward was $89,017,000 at December 31, 1989 and expires in 1996.

NOTE 3. Unusual Items

	1989		1988
(thousands of dollars)	Pre-tax	After-tax	After-tax
Discontinued businesses			
Kenting Projects Limited (a)	$(3,681)	$(2,069)	$ 8
Airborne surveys	—	—	(1,375)
Trimac House	(64)	(36)	(430)
	(3,745)	(2,105)	(1,797)
Other			
Provision for loss on advances to Cactus (b)	(2,350)	(1,660)	(6,445)
Kenting Africa	—	—	1,469
	(2,350)	(1,660)	(4,976)
	$(6,095)	$(3,765)	$(6,773)

(a) In December 1989, Trimac reached agreement in principle to sell the assets of Kenting Projects Limited, a petroleum industry construction contractor, at its approximate book value. Accordingly, its results for the year and all previous years have been shown as results from discontinued businesses.

(b) As a result of a major restructuring of Cactus' debt in 1988, Trimac made a further cash advance to Cactus of $US2,030,000. Due to continued poor results of Cactus in 1989, full provision has been made for this advance.

NOTE 4. Fixed Assets

The cost of fixed assets and net book value by major classification are as follows:

	1989		1988	
(thousands of dollars)	Cost	Net Book Value	Cost	Net Book Value
Equipment				
Drilling rigs and related equipment	$133,142	$ 30,905	$128,354	$ 72,262
Bulk hauling highway units	143,609	62,353	131,604	58,973
Lease and rental vehicles	77,772	53,130	74,179	54,545
Other	22,277	8,811	22,588	9,749
	376,800	155,199	356,725	195,529
Land, buildings and yard improvements	36,549	27,290	34,712	26,550
	$413,349	$182,489	$391,437	$222,079

NOTE 5. Acquisition of Bovar

On December 29, 1989, Trimac Limited purchased:

(a) the Hi-Tower/Sedco Drilling Partnership, an entity engaged in the oil and gas contract drilling business in Canada.

(b) 100% of Apollo Drilling Inc., a company engaged in the oil and gas contract drilling business in the United States.

(c) $10 million of convertible preferred shares of Bovar Inc., a public company engaged in waste management, manufacturing and the distribution of oilfield supplies.

(d) 46% of the common shares of Bovar Inc.

Trimac acquired an additional $2.5 million of convertible preferred shares of Bovar Inc. on January 24, 1990.

The acquisition has been accounted for as a purchase. The cash consideration paid of $33,384,000, except for the amount representing working capital, has been allocated based on the relative estimated fair values as follows:

Working capital	$ 4,784,000
Drilling rigs and related equipment	12,750,000
Estimated income tax benefits related to tax loss carryforwards	15,600,000
Other	250,000
	$33,384,000

The availability of the tax loss carryforwards (approximately $104,300,000) to Trimac is dependent upon several factors, including the ability of Trimac to generate sufficient taxable income in the carryforward period and ultimate acceptance of this availability by the taxing authorities. Management is of the opinion that the values attributed to these losses, together with the benefit of $3,400,000 recorded as an extraordinary item in 1989, will ultimately be obtained.

NOTE 6. Long Term Debt

Details of long term debt financing arrangements, including aggregate annual repayments required over the next five years, are as follows:

	1989		1988	
(thousands of dollars)	Long Term	Current	Long Term	Current
Transportation				
Canada (a)	$ 40,039	$ 100	$ 43,624	$ —
U.S. (b)	9,174	2,233	12,727	2,106
	49,213	2,333	56,351	2,106
Leasing and Rentals (c)	42,995	—	44,218	—
Drilling (d)	17,451	2,280	20,996	2,425
Other—Affiliates	—	—	11,227	1,979
—Building	—	—	15,000	—
—Other	2,158	462	2,482	427
	2,158	462	28,709	2,406
TOTAL	$111,817	$5,075	$150,274	$6,937

(a) The loans are secured by certain highway transportation equipment and certain real estate properties under floating charge debentures. Interest rates are fixed and floating, ranging mainly from Canadian prime plus 1/4% to 3/8% with alternative rate options. The amounts outstanding are mainly revolving and may be terminated by defined notice. If such termination occurs, the loans will be repayable over eight years commencing in 1991.

(b) The loans include revolving loans and are secured by certain highway transportation equipment, a negative pledge on certain highway equipment and a pledge of shares of certain wholly owned subsidiaries. The revolving loans may be terminated by defined notice. If such termination occurs, the loans will be repayable over eight years.

(c) The loans are secured by certain lease and rental vehicles. Interest rates are fixed and floating. Fixed rates range from 9.75% to 14.0% and floating rates range from Canadian prime to prime plus 1%. The amounts outstanding are revolving and may be terminated by defined notice. If such termination occurs, the loans will be repayable over periods of up to six years.

(d) The loans are secured mainly by drilling rigs and related receivables. Interest rates are floating and are 3/4% over Canadian Prime; 3/4% to 1-1/4% over U.S. LIBOR or Base Rate; and 3/4% to 1-1/2% over U.K. LIBOR or Base Rate. The loans are repayable over periods of up to 8-1/2 years.

(e) Repayments—aggregate amounts of long term debt repayable in the years ending December 31 are: 1990—$5,075,000; 1991—$4,412,000; 1992—$5,764,000; 1993—$5,540,000; 1994—$3,646,000; Thereafter—$92,455,000.

(f) Certain of Trimac's long term debt is payable in foreign currencies. The Canadian dollar equivalent of this debt (long term and current portion) is as follows: payable in U.S. dollars—$13,740,000 and payable in U.K. pounds sterling—$7,728,000.

NOTE 7. Mortgage Receivable

The mortgage is due on September 7, 1993, with interest rates ranging from 7½% to 8½%. It is secured by a first mortgage on an office building.

NOTE 8. Convertible Debenture

The Convertible Subordinated Debentures carry an interest rate of 7-1/4% and mature June 16, 1997. The debentures are convertible at the option of the holder into common shares of the Corporation at the rate of 179.13 common shares for each $1,000 principal amount of Debentures. This is equivalent to a conversion price of $5.58 per common share. The Debentures are also redeemable at the option of the Corporation, at a price equal to 105.25 declining to par by June 16, 1996, when the following conditions are present:

—Prior to June 16, 1990

The weighted average price of the Corporation's common shares as traded on the Toronto Stock Exchange exceeds 150 percent of the conversion price during 20 consecutive trading days.

—From June 17, 1990 - June 16, 1992

The weighted average price of the Corporation's common shares as traded on the Toronto Stock Exchange exceeds 125 percent of the conversion price during 20 consecutive trading days.

—Subsequent to June 16, 1992

At any time.

NOTE 9. Share Capital

	Issued	
	Number	Amount
PREFERRED SHARES		
First Preferred Shares of a stated value of $25 each		
(authorized 320,000 shares)—		
9.12% Cumulative Redeemable First Preferred Shares, Series A		
Issued as at December 31, 1988	189,400	$ 4,735,000
Purchased for cancellation (a)	(12,800)	(320,000)
Issued as at December 31, 1989	176,600	4,415,000
Class A Preferred Shares without nominal or par value		
(authorized 50,000,000 shares) issuable in series	—	—
Class B Preferred Shares without nominal or par value		
(authorized 50,000,000 shares) issuable in series—		
Floating Rate Cumulative Redeemable Retractable Class B		
Preferred Shares, Series 1 (b)		
Issued as at December 31, 1988 and 1989	6,000,000	24,000,000
Second Preferred Shares of a stated value of $10 each		
(authorized 113,500 shares)—		
Redeemable, Retractable, Convertible		
Second Preferred Shares, "B" Series (c)		
Issued as at December 31, 1988 and 1989	26,000	1,820,000
		$30,235,000
COMMON SHARES		
Common shares without nominal or par value		
(authorized 100,000,000 shares)—		
Issued as at December 31, 1988	30,333,469	$71,940,000
Stock options exercised	130,593	319,000
Issued as at December 31, 1989	30,464,062	$72,259,000

Note 9 (continued)

(a) Purchase obligation—The Corporation is required to purchase 3,200 First Preferred Shares, Series A each calendar quarter in the open market, if the market price does not exceed $25 plus accrued and unpaid cumulative dividends and costs of purchase. The quarterly purchase obligation carries forward for up to three succeeding quarters, to the extent not satisfied, and is then extinguished. During 1989 the Corporation purchased 12,800 shares pursuant to its purchase obligation.

The Corporation is entitled to redeem the outstanding First Preferred Shares, Series A at the stated value of $25 each.

(b) The outstanding Class B Preferred Shares, Series 1 are issued to Laidlaw Inc. ("Laidlaw"). They are voting and may be redeemed by the Corporation at any time at $4.00 per share and may be retracted by Laidlaw at $4.00 per share on June 30, 1990. In 1988, income related to the Corporation's preferred share investments was to equal the dividend requirements on the Class B Preferred Shares and accordingly, neither the income, nor the dividends were reflected in these financial statements until the Corporation sold its preferred share investments in late 1988.

(c) The 26,000 shares were issued to officers and employees of the Corporation and its subsidiaries pursuant to Trimac's Employee Preferred Share Plan. The subscription price for the shares was funded by interest-free loans from the Corporation or its subsidiaries. On February 8, 1990, Trimac purchased 10,900 of these shares for cancellation and $763,000 of these interest-free loans was repaid. Trimac also has established March 9, 1990 as the redemption date for 11,100 shares and March 12, 1990 as the redemption date for the remaining 4,000 shares.

COMMON SHARES RESERVED

At December 31, 1989, the following common shares were reserved:

	Number of shares
For conversion of $30,000,000 Debenture (Note 8)	5,373,913
For conversion of 26,000 Second Preferred Shares "B" Series	286,978
For options granted to officers and employees of the Corporation and its subsidiaries under the terms of the Corporation's Employee Stock Option Plan (a)	960,188
	6,621,079

(a) Options to purchase common shares were outstanding as follows:

Date granted	Expiry date	Price per share	Number of shares
March 7, 1985	March 7, 1990	$4.298	9,198
May 7, 1986	May 7, 1991	2.309	412,690
March 3, 1987	March 3, 1992	3.155	92,700
August 19, 1988	August 19, 1993	3.800	345,600
November 9, 1988	November 9, 1993	3.600	10,000
November 9, 1989	November 9, 1994	4.800	90,000
			960,188

NOTE 10. Cactus Drilling Companies

Trimac continues to hold a 50% interest in Cactus. Cactus results are not included in the consolidated results of Trimac. All advances previously made to Cactus have been written off or fully provided for at December 31, 1989. Trimac has no obligation to make further advances to Cactus. Cactus had a cash surplus of $US23,000 in 1989 (loss of $US204,000 in 1988). See Note 3(b)—Unusual Items.

NOTE 11. Extraordinary Items

(thousands of dollars)	1989	1988
Gain on sale of 50% of Tricil Limited, net of taxes of $25,730,000 (a)	$57,124	$ —
Reduction in carrying value of drilling rigs and related equipment, net of deferred taxes recovered of $20,221,000 (b)	(27,017)	—
Realization of previously unrecorded tax loss benefits		
—Canada	3,400	—
—United States	1,155	1,449
Gain on disposal of Trimac House		
—net of a tax recovery of $2,570,000	—	583
	$34,662	$2,032

(a) On December 12, 1989 Trimac purchased CIL Inc.'s 50 percent interest in Tricil Limited. On December 29, 1989 Trimac sold 100 percent of Tricil Limited to Laidlaw Inc. Trimac received proceeds equal to the amount paid to CIL for its 50 percent plus $120,000,000 in cash. Trimac's share of after-tax earnings from its investment in Tricil was $9,029,000 (1988—$6,635,000).

(b) In response to the continuing depressed markets in the oil and gas contract drilling industry, Trimac reduced the carrying value of its drilling rigs and related equipment by $47,238,000, effective October 1, 1989, to its estimated ultimate recoverable amount. This resulted in an after-tax extraordinary charge of $27,017,000. The estimated residual or salvage values related to such rigs were also reduced.

NOTE 12. Segmented Information

Trimac conducts its business through a combination of wholly owned subsidiaries and through affiliated companies. The subsidiaries' operations are in three business segments: transportation services which is the highway transportation of bulk commodities; truck leasing and rentals; and energy services which is oil and gas contract drilling. The affiliates' operations include engineering and construction (engineering), oil and gas exploration and production (oil and gas), waste management and other operations of technology service and oilfield equipment supply.

By Geographic Area

	Year ended December 31, 1989			Year ended December 31, 1988		
(thousands of dollars)	Operating Revenues	Operating Earnings	Identifiable Assets	Operating Revenues	Operating Earnings	Identifiable Assets
Canada	$217,743	$17,070	$245,697	$213,191	$14,840	$247,592
United States	109,793	5,347	87,805	89,655	5,572	52,734
Other	11,099	(5)	9,135	17,235	641	32,407
	338,635	22,412	342,637	320,081	21,053	332,733
Affiliates	—	17,783	33,330	—	13,594	58,552
Interest	—	(18,820)	—	—	(14,940)	—
	$338,635	$21,375	$375,967	$320,081	$19,707	$391,285

By Industry Segment

(thousands of dollars)	Operating Revenues (a)	Operating Earnings	Depreciation and Amortization (a)	Capital Expenditures (a)	Identifiable Assets (b)
1989					
Subsidiaries:					
Transportation services	$245,864	$19,449	$14,989	$21,152	$134,493
Truck leasing	45,063	7,999	13,777	27,447	63,822
Energy services	48,343	608	5,663	1,279	71,070
Other	–	(1,202)	879	413	73,252
	339,270	26,854	35,308	50,291	342,637
Affiliates:					
Engineering	–	(764)	–	–	10,461
Oil and gas	–	2,040	–	–	13,750
Waste management	–	15,568	–	–	–
Other	–	939	–	–	9,119
	–	17,783	–	–	33,330
Sub-total	339,270	44,637	35,308	50,291	375,967
General and administrative costs	–	(4,442)	–	–	–
Interest	–	(18,820)	–	–	–
Inter-segment eliminations	(635)	–	–	–	–
	$338,635	$21,375	$35,308	$50,291	$375,967
1988					
Subsidiaries:					
Transportation services	$220,687	$18,857	$12,752	$26,187	$125,624
Truck leasing	36,908	7,304	11,603	28,261	61,886
Energy services	63,303	1,287	6,892	3,670	100,773
Other	–	(832)	704	1,023	44,450
	320,898	26,616	31,951	59,141	332,733
Affiliates:					
Engineering	–	608	–	–	11,449
Oil and gas	–	769	–	–	12,184
Waste management	–	11,882	–	–	26,357
Other	–	335	–	–	8,562
	–	13,594	–	–	58,552
Sub-total	320,898	40,210	31,951	59,141	391,285
General and administrative costs	–	(5,563)	–	–	–
Interest	–	(14,940)	–	–	–
Inter-segment eliminations	(817)	–	–	–	–
	$320,081	$19,707	$31,951	$59,141	$391,285

(a) Affiliates' results are not consolidated; therefore these items are not applicable.

(b) Represents Trimac's carrying value of affiliates.

NOTE 13. Notes Receivable

Included in notes receivable and other is $1,820,000 (1988—$1,820,000) of interest-free loans to employees and former employees for the purchase of Second Preferred Shares "B" Series (see Note 9(c)). Also included in notes receivable and other is $1,655,000 (1988—$0) of interest-free loans to employees made under the terms of Trimac's Employee Eurodebenture Incentive Plan. This plan provides for the advance of an interest free loan to each of the participants under the plan to be used for the purchase of Class "A" Preferred shares of Revest Holdings Inc. which holds an investment in the Corporation's 7¼% Convertible Subordinated Debentures. These loans are repayable on the earlier of demand and June 13, 1997.

NOTE 14. Contingencies and Commitments

(a) Donald K. Jackson, a former officer and director of Trimac Limited, has commenced legal action against the Corporation and a subsidiary seeking, among other things, damages of $750,000 for loss of office and $16,000,000 for inducing the breach of his employment contract with a subsidiary, for breach of a shareholders' agreement, and for inducing the breach of an option agreement by the subsidiary. The Corporation has counterclaimed seeking, among other things, $20,000,000 for breach of fiduciary and other duties owed to the Corporation.

Trimac's view is that the claim will not result in any material liability to the Corporation.

(b) Lease commitments

As at December 31, 1989 Trimac had lease commitments incurred in the ordinary course of business totalling $26,487,000. Required annual payments under these leases are as follows: 1990—$6,098,000; 1991—$5,228,000; 1992—$5,382,000; 1993—$3,170,000; 1994—$2,162,000; Thereafter—$4,447,000.

AUDITORS' REPORT

To the Shareholders of
TRIMAC LIMITED:

We have examined the consolidated balance sheets of Trimac Limited as at December 31, 1989 and 1988 and the consolidated statements of earnings, retained earnings and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at December 31, 1989 and 1988 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

Calgary, Alberta
February 16, 1990

PRICE WATERHOUSE
Chartered Accountants

FIVE YEAR FINANCIAL REVIEW

	Year ended December 31				
(thousands of dollars, except per share figures)	1989	1988	1987	1986	1985
OPERATIONS					
Revenue	$338,635	$320,081	$269,906	$268,993	$300,610
Depreciation, depletion and amortization	35,308	31,951	28,297	28,019	26,800
Interest—long term debt	21,112	16,716	13,608	14,153	13,288
Earnings before taxes	21,375	19,707	15,262	13,985	11,659
Earnings before unusual and extraordinary items	12,411	10,566	6,938	4,763	4,574
Per common share	0.32	0.30	0.18	0.12	0.11
Net earnings	43,308	5,825	9,684	3,516	2,485
Per common share	1.33	0.16	0.26	0.09	0.06
Cash from operations	38,134	35,086	28,458	32,310	30,616
Net capital investments:					
Fixed assets	32,477	40,547	42,237	22,486	42,953
Acquisitions/investments	37,207	19,700	1,484	4,287	5,715
FINANCIAL POSITION					
Working capital	68,419	20,158	27,377	15,853	18,933
Fixed assets, net book value	182,489	222,079	246,927	245,386	248,769
Long term debt	111,817	150,274	156,631	158,032	159,429
Convertible debenture	30,000	30,000	30,000	—	—
Shareholders' equity—preferred	30,235	30,555	30,875	7,195	7,620
—common	133,169	93,562	114,463	104,683	102,024
—total	163,404	124,117	145,338	111,878	109,644
QUARTERLY RESULTS (unaudited)					
Revenues					
First quarter	76,616	68,950	59,980	76,969	69,041
Second quarter	83,093	77,917	62,941	63,377	73,838
Third quarter	91,781	80,073	75,576	67,558	79,581
Fourth quarter	87,145	93,141	71,409	61,089	78,150
	338,635	320,081	269,906	268,993	300,610
Earnings (loss) before unusual and extraordinary items					
First quarter	154	692	(420)	293	306
Second quarter	3,187	2,208	1,448	969	413
Third quarter	4,151	3,325	2,802	2,838	1,872
Fourth quarter	4,919	4,341	3,108	663	1,983
	12,411	10,566	6,938	4,763	4,574
Earnings (loss) per common share before unusual and extraordinary items					
First quarter	(0.02)	0.02	(0.02)	0.00	0.01
Second quarter	0.08	0.06	0.04	0.02	0.01
Third quarter	0.12	0.09	0.08	0.08	0.04
Fourth quarter	0.14	0.13	0.08	0.02	0.05
	0.32	0.30	0.18	0.12	0.11

Note: Discontinued operations have been restated as unusual items for all years to conform to the current year's presentation.

CORPORATE

Directors	Director since
J.R. McCaig, Calgary Chairman, President and Chief Executive Officer Trimac Limited	1970
M.W. McCaig, Victoria President Mo-Mac Investments Ltd.	1971
M. Dubinsky, Q.C., Calgary President Administrative Consultants Limited	1971
A. Vanden Brink, Calgary President Tokay Resources Ltd.	1976
D.D.C. McGeachy, London, Director	1977
R.T. Eyton, Calgary Chairman and Chief Executive Officer Canadian Airlines International Ltd.	1984
H.A. Hampson, Toronto Director	1987
H.E. Wyatt, Calgary Chairman Monsanto Canada Inc.	1988
D.K. Seaman, Calgary Chairman and Chief Executive Officer Bow Valley Industries Ltd.	1990

Officers

J.R. McCaig, Chairman, President and Chief Executive Officer

J.J. McCaig, Executive Vice President

R.D. Algar, Vice President
Human Resources

F.T. Bailey, Vice President
Corporate Affairs and Secretary

G.A. Campbell, Vice President
and Treasurer

A.E. Dumont, Vice President
Energy Services

T.J. Jackson, Vice President Finance

S.W.C. Mulherin, Vice President
Planning and Corporate Development

Auditors

Price Waterhouse
Calgary, Alberta

Transfer Agents

The Royal Trust Company
—Common Shares
Central Guaranty Trust Company
—9.12% First Preferred Shares, Series A

Stock Exchange Listings

The Toronto and Montreal Exchanges

TRANSPORTATION SERVICES

Bulk Highway Transportation

Trimac Transportation Services
A.B. Zaleski, President
2100, 800 - 5 Avenue SW
P.O. Box 3500 (mail)
Calgary, Alberta T2P 2P9
Telephone: (403) 298-5100
Telecopy: (403) 298-5146

Canada

A.W. Piche, Vice President
Western Region
600, 800 - 5 Avenue SW
P.O. Box 3500 (mail)
Calgary, Alberta T2P 2P9
Telephone: (403) 298-5100
Telecopy: (403) 298-5242

Operations: British Columbia, Alberta, Saskatchewan, Manitoba.

E.J. Rivait, Vice President
Eastern Region
2284 Wyecroft Road
Oakville, Ontario L6L 5N2
Telephone: (416) 827-9800
Telecopy: (416) 827-8038

Operations: Ontario, Quebec, International.

United States

Trimac Transportation Inc.
M.J. Bragagnolo
Executive Vice President
1292 Fern Valley Road 40219
P.O. Box 36247 (mail)
Louisville, Kentucky 40233
Telephone: (502) 964-3351
Telecopy: (502) 964-8539

Liquid Transporters, Inc.
C.R. Elsey, Executive Vice President
1292 Fern Valley Road 40219
P.O. Box 36247 (mail)
Louisville, Kentucky 40233
Telephone: (502) 964-3351
Telecopy: (502) 964-8539

Operations: Illinois, Kentucky, Louisiana, New Jersey, North Carolina, Pennsylvania, Tennessee, Texas.

Universal Transport, Inc.
B.C. Burnette, President
3600 Universal Drive 57702
P.O. Box 3000
Rapid City, South Dakota 57709
Telephone: (605) 348-1063
Telecopy: (605) 341-0649

Operations: Colorado, Nebraska, South Dakota, Utah, Wyoming.

Quality Service Tank Lines, Inc.
W.D. Weaver, Vice President
13550 Toepperwein Road
P.O. Box 17405 (mail)
San Antonio, Texas 78217
Telephone: (512) 654-1666
Telecopy: (512) 654-1139

Operations: Texas.

Les Calkins Trucking, Inc.
T.L. Roberts, General Manager
19501 N. Hwy 99
Acampo, California 95241
P.O. Box 160
Lodi, California 95220
Telephone: (209) 369-3609
Telecopy: (209) 369-4358

Operations: California and Nevada.

Trimac Transportation Services (Western) Inc.
C.M. Rucker, Region Manager
1222 - 46 Avenue East
Tacoma, Washington 98424
Telephone: (206) 922-3977
Telecopy: (206) 922-3982

Operations: Washington, California.

Transportation Consulting

Trimac Consulting Services
L.L. Ash, General Manager
730, 800 - 5 Avenue SW
P.O. Box 3500 (mail)
Calgary, Alberta T2P 2P9
Telephone: (403) 298-5100
Telecopy: (403) 298-5242

ENERGY SERVICES

Kenting Energy Services
A.E. Dumont, President
2100, 800 - 5 Avenue SW
P.O. Box 3500
Calgary, Alberta T2P 2P9
Telephone: (403) 298-5100
Telecopy: (403) 298-5258

Operating Companies

Kenting Hi-Tower and Sedco Group
W.C. Hay, President

G.G. Meier, Vice President
Kenting Hi-Tower
H.W. Strain, Vice President
Sedco
2100, 800 - 5 Avenue SW
P.O. Box 3500
Calgary, Alberta T2P 2P9
Telephone: (403) 298-5100
Telecopy: (403) 298-5258

Operations: British Columbia, Alberta, Saskatchewan, Yukon Territory and Northwest Territories.

Kenting Apollo
T.H. Wilson, Vice President
1860, 1099 - 18 Street
Denver, Colorado 80202 US
Telephone: (303) 298-1383
Telecopy: (303) 298-1181

Operations: North Dakota, South Dakota, Montana, Wyoming, Colorado.

Kenting Drilling Services Ltd.
A.J. Beswick, Managing Director
Trent Lane, Castle Donington
Derby, DE7 2NP England
United Kingdom
Telephone: 44-332-850060
Telecopy: 44-332-850553
Telex: 51377905+

Cactus Drilling Company
S.J. Todt, Vice President
7500 West Highway 80 79703
P.O. Box 2800 (mail)
Midland, Texas 79702
Telephone: (915) 563-2500
Telecopy: (915) 563-9371

Operations: Texas, New Mexico.

TRUCK LEASING AND RENTALS

Rentway Canada Ltd./Ltee.
R.A. Campbell,
Vice President Operations
308 - 191 The West Mall
Etobicoke, Ontario M9C 4Z4
Telephone: (416) 626-7922
Telecopy: (416) 626-5177

Branches in Calgary, Edmonton, AB; Burnaby, Fort St. John, Richmond, BC; Belleville, Etobicoke, Guelph, Hamilton, London, Mississauga, Oshawa, St. Catharines, ON; Montreal, St. Laurent, PQ.

AFFILIATES

Engineering and Construction

Banister Continental Ltd.
A.S. Olson, Chairman
9910 - 39 Avenue
P.O. Box 2408 (mail)
Edmonton, Alberta T2J 2R4
Telephone: (403) 462-9430
Telecopy: (403) 463-7966
Telex: 037-2380

Bantrel Inc.
P.J. Lovell, President
900, 703 - 6 Avenue SW
P.O. Box 1990, Station M (mail)
Calgary, Alberta T2P 2M2
Telephone: (403) 290-5000
Telecopy: (403) 290-5050
Telex: 038-22653

Oil and Gas

Chauvco Resources Limited
G.J. Turcotte, President
2900, 255 - 5 Avenue SW
Calgary, Alberta T2P 3G6
Telephone: (403) 237-8646
Telecopy: (403) 269-9497

Environmental Services

BOVAR Inc.
A.F. Bygate, President
1600, 407 - 2 Street SW
Calgary, Alberta T2P 3R3
Telephone: (403) 267-9600
Telecopy: (403) 267-9671

Technology Service

Intera Technologies Corporation
B.L. Bullock, President
2500, 101 - 6 Avenue SW
Calgary, Alberta T2P 3P4
Telephone: (403) 266-0900
Telecopy: (403) 265-0499
Telex: 03-824537

Oilfield Equipment

Alberta Petroleum Equipment Co. Ltd.
D.P. Johnson, President
5304 Hubalta Road SE
Calgary, Alberta T2B 1T6
Telephone: (403) 273-6551
Telecopy: (402) 248-0123

Operations: Alberta.

Printed in Canada

Recd
APR 11, 1989

Trimac

LIMITED

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of Trimac Limited will be held in the Glenview Room, Calgary Convention Centre, 110 - 9th Avenue S.E., Calgary, Alberta, on Thursday, the 11th day of May, 1989, at the hour of 10:30 o'clock in the forenoon (Calgary time) for the following purposes:

(a) To receive the report of the directors and the financial statements and auditor's report thereon for the year ended December 31, 1988;

(b) To elect directors;

(c) To appoint auditors for the ensuing year and to authorize the directors to fix their remuneration;

(d) To transact such other business as may properly be brought before the meeting.

The Board of Directors has fixed March 30, 1989, as the record date for the determination of shareholders entitled to notice of and to vote at such Annual Meeting of Shareholders and only shareholders of record at the close of business at the date so fixed will be entitled to notice of and to vote at such meeting or adjournments thereof. Shareholders who do not expect to attend the meeting in person are requested to complete, date and sign the attached proxy form and return it in the enclosed envelope to the Corporation's Secretary, c/o The Royal Trust Company, P.O. Box 2955, Calgary, Alberta, T2P 9Z9, so as to reach the Secretary of the Corporation not less than 24 hours before the hour of the meeting.

DATED at the City of Calgary, in the Province of Alberta, this 30th day of March, 1989.

BY ORDER OF THE BOARD OF DIRECTORS,

Franklin T. Bailey
Secretary.

APRIL 11, 1989

TRIMAC LIMITED

INFORMATION CIRCULAR

This information circular is furnished in connection with the solicitation by the management of TRIMAC LIMITED (the "Corporation") of proxies to be used at the Annual Meeting of Shareholders of the Corporation to be held at Calgary, Alberta, on Thursday, May 11, 1989, called for the purposes set forth in the accompanying notice of meeting, and at any and all adjournments thereof. The cost of such solicitation will be borne by the Corporation.

1. APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are officers of the Corporation. A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON TO ATTEND AND ACT FOR HIM ON HIS BEHALF AT THE MEETING, OTHER THAN THE PERSONS DESIGNATED IN THE FORM OF PROXY. A shareholder desiring to appoint some other person to represent him at the meeting may do so by striking out the printed names in the form of proxy and inserting in the blank space provided for that purpose the name in full of his desired proxy, who need not be a shareholder. The instrument appointing a proxy shall be in writing and signed by the shareholder or the shareholder's attorney duly authorized in writing. If the shareholder is a corporation the instrument of proxy shall be executed under the corporate seal of the corporation or the hand of an officer or attorney duly authorized in writing by the corporation, in which case the authority or notarial copy thereof shall be deposited with the instrument of proxy.

Instruments of Proxy, to be valid, must be deposited with the Corporation's Secretary, in care of The Royal Trust Company, P.O. Box 2955, Calgary, Alberta, T2P 9Z9, so as to reach the Secretary of the Corporation not less than 24 hours before the hour of the meeting. A shareholder who has submitted a proxy may prior to its use revoke it, in addition to revocation in any other manner permitted by law, by depositing a notice of revocation in writing executed by the shareholder or his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized in writing by the corporation, at the registered office of the Corporation at any time up to and including the last business day preceding the day of the meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the meeting on the day of the meeting, or any adjournment thereof, and upon either of such deposits, the proxy is revoked.

The proxy in favour of the persons designated by the management of the Corporation will confer discretionary authority on the persons appointed with respect to:

(a) Amendments or variations to matters identified in said notice of meeting; and

(b) Other matters which may properly come before the meeting.

At the time of printing this circular the management of the Corporation is not aware of any such amendments, variations or other matters to come before the meeting other than the matters referred to in the notice of meeting.

2. VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized voting share capital of the Corporation is 100,000,000 common shares without nominal or par value and 6,000,000 Class B Preferred Shares, Series 1 ("preference shares") without nominal or par value. At March 15, 1989, the Corporation had issued and outstanding 30,334,529 common shares and 6,000,000 preference shares, each entitling the holder to one vote. The right to vote and to notice of the meeting is limited to common and preference shareholders of record on March 30, 1989. The security transfer register of the Corporation will not be closed.

Mr. John Robert McCaig and Laidlaw Transportation Limited ("Laidlaw") were the only shareholders known by the Corporation to beneficially own, directly or indirectly, or exercise control or direction over, as of March 15, 1989, more than 10% of any class of voting securities of the Corporation. As of that date, Mr. McCaig beneficially owned, directly or indirectly, or exercised control or direction over 5,422,620 common shares, being 17.88% of the common shares, and Laidlaw beneficially owned 6,000,000 preference shares, being 100% of the preference shares. There is an agreement in place pursuant to which Laidlaw has agreed to deliver a proxy for the meeting in respect of its preference shares to Mr. McCaig.

3. ELECTION OF DIRECTORS

The persons named in the enclosed form of proxy intend to vote for the election of the nominees whose names are set forth below. All nominees are now members of the Board of Directors. Their term of office expires on the day of the Annual Meeting. The management does not contemplate that any of the nominees will be unable to serve as a director, but, if that should occur for any reason prior to the meeting, the persons named in the enclosed form of proxy reserve the right to vote for another nominee in their discretion. Each director elected will hold office until the next Annual Meeting unless his office is earlier vacated.

The following table sets forth the names of all persons proposed to be nominated for election as directors, all positions and offices with the Corporation now held by them, their principal occupation or employment, the date on which they became directors of the Corporation, if applicable, and the approximate number of voting shares of the Corporation beneficially owned, directly or indirectly, or over which control or direction was exercised, by each of them, as of March 15, 1989.

Nominee for Director	**Principal Occupation Name and Principal Business of Employer**	**Date from which Nominee has Served as Director**	**Number of Common Shares Beneficially Owned or Controlled**
John Robert McCaig*	Chairman, President and Chief Executive Officer of Trimac Limited (Management)	December 7, 1970	5,422,620
Maurice Wayne McCaig	President of Mo-Mac Investments Ltd. (Management)	January 15, 1971	1,904,084
Murrey Dubinsky, Q.C.†	President of Administrative Consultants Limited (Labour Relations Consultants)	January 15, 1971	3,306
Antonie Vanden Brink †	President of Tokay Resources Ltd. (Investment)	June 29, 1976	1,015,421
Duncan Donald Cameron McGeachy	Company Director	April 21, 1977	216,423
Rhys Tudor Eyton	Chairman and Chief Executive Officer of Canadian Airlines International Ltd. (Airline)	August 9, 1984	1,081
Harold Anthony Hampson	Company Director	May 6, 1987	10,300
Harold Edmund Wyatt	Chairman of Monsanto Canada Inc. (Chemical Processing)	May 11, 1988	1,000

†Member of Audit Committee

*John Robert McCaig also exercises voting control over 6,000,000 Class B Preferred Shares, Series 1.

Messrs. John Robert McCaig and Maurice Wayne McCaig are two of the Executors of the Will of Roger Woodrow McCaig. As of March 15, 1989, the Estate owned beneficially and of record 2,500,681 common shares of the Corporation.

The information as to shares beneficially owned, directly or indirectly, or over which control or direction was exercised, not being within the knowledge of the Corporation, has been furnished by the respective directors individually. There is no executive committee of the Board of Directors. The Corporation is required by law to have an audit committee.

4. EXECUTIVE COMPENSATION

Cash Compensation

The Corporation has five executive officers. The Corporation and its subsidiaries paid an aggregate of $1,074,387 to the executive officers for services rendered during the year ended December 31, 1988. This amount includes cash compensation paid to another executive officer for services rendered to the date of his retirement in October, 1988.

Pension Plans

Prior to January 1, 1989, two officers participated in a money purchase pension plan (the "Plan") established by the Corporation for the benefit of executive and supervisory employees. The Plan required participating employees to contribute 5% of annual earnings which is credited to the participant's account. The Corporation annually contributed for the benefit of a participant a basic contribution of 3% of a participant's annual earnings and the Corporation could in its discretion contribute up to an additional 7% of a participant's annual earnings. The contributions of both the participant and the Corporation were subject to maximum limits imposed by applicable law. On retirement a participant was entitled to all contributions made by him and by the Corporation on his behalf together with income earned and attributable to such contributions. If a participant's employment was terminated prior to retirement, he was entitled to his contributions together with any income attributable to such contributions and to the vested portion of the Corporation's contributions together with any income attributable to such portion. The aggregate amount accrued under the Plan to the benefit of the two executive officers during the year ended December 31, 1988, was $5,335. Subject to regulatory approval, the Plan will be succeeded effective January 1, 1989, by a retirement savings pension plan established by the Corporation for the benefit of all full-time employees of the Corporation.

Three executive officers participate in a defined benefit pension plan established by the corporation for the benefit of executive and supervisory employees (the "Defined Plan"). The Defined Plan is a non-contributory one. Participants may be eligible for reduced early retirement benefits at age 55 and postponed retirement benefits if their retirement date is postponed up to age 70, as well as for disability and death benefits. Benefits are payable monthly in the form of a life annuity and are calculated on the basis of a participant's Final Average Earnings. Final Average Earnings are equal to the participant's average salary during the 36 months of the highest salary in the last 120 consecutive months of service with the Corporation. For the purpose of calculating Final Average Earnings the annual earnings may be increased by a maximum of 3% annually from January 1, 1986, and, for one executive officer, from April 1, 1987. At normal retirement age of 65 the amount of a participant's annual pension will be equal to 1.5% of his Final Average Earnings multiplied by the number of years of service to a maximum of 45 years. The aggregate amount accrued to the benefit of the three executive officers, and the one executive officer who retired, under the Defined Plan during the year ended December 31, 1988, was $186,675. The aggregate amount paid during the year ended December 31, 1988, or proposed to be paid in subsequent years and which has not already been disclosed as having accrued, was $310,887. A portion of the amount which has not already been paid is payable in equal monthly installments during 1989 and the balance is payable upon approval of the specified retirement plan by the office of the Superintendent of Financial Institutions.

Employee Stock Option Plan

During the year ended December 31, 1988, four executive officers were granted 103,000 options to purchase common shares of the Corporation at an option price of $3.80 per share pursuant to the Corporation's employee stock option plan. In aggregate, executive officers as a group hold 238,000 options pursuant to the plan. Under the employee stock option plan, the Board of Directors of the Corporation is authorized to determine how many and to whom options will be granted. The option price is fixed by the Board of Directors on the day of each grant at an amount equal to the last reported sale price on that day for a board lot of common shares of the Corporation traded on The Toronto Stock Exchange. Options granted under the plan expire on the fifth anniversary of the granting of the option and may be exercised at the rate of 20% of the grant in each year prior to the expiry date for so long as a participant remains an employee of the Corporation or its subsidiaries. The right to exercise options within the five year period is cumulative. At the time of exercise of options, the purchase price for the common shares must be paid in full. There were no options exercised by executive officers during the year ended December 31, 1988.

Other Compensation

Other compensation, including personal benefits, paid or distributed to executive officers during the year ended December 31, 1988, was primarily automobile benefits and deemed interest arising from interest free loans for the purchase of Second Preferred Shares, "B" Series of the Corporation. The aggregate value of other compensation paid or distributed to executive officers during the year ended December 31, 1988, was $70,713.

Directors' Compensation

Directors who are not full-time employees of the Corporation are paid an annual fee of $8,000, a fee of $600 for each directors' meeting attended, a fee of $250 for each directors' telephone meeting attended and a fee of $600 for each committee meeting attended.

5. INDEBTEDNESS OF DIRECTORS AND SENIOR OFFICERS

The following senior officers are indebted to the Corporation under the terms of the Corporation's Employee Preferred Share Plan. The plan provides for the advance of an interest free loan to each of the participants under the plan to be used for the purchase of Second Preferred Shares, "B" Series of the Corporation. The indebtedness is repayable on the earlier of demand and February 9, 1990.

Name	**Largest Aggregate Amount Outstanding During Last Completed Financial Year**	**Amount Presently Outstanding**
Calvin Fletcher Senior Vice President Finance Calgary, Alberta	$140,000	$140,000
Franklin Truman Bailey Vice President Corporate Affairs and Secretary Calgary, Alberta	$140,000	$140,000

6. APPOINTMENT OF AUDITORS

The persons named in the enclosed form of proxy intend to vote for the reappointment of Messrs. Price Waterhouse, Chartered Accountants, Calgary, Alberta, as auditors of the Corporation, to hold office until the next Annual Meeting of Shareholders. The persons named in the enclosed form of proxy also intend to vote for the authorization of the directors to fix the remuneration of the auditors for the ensuing year.

7. OTHER BUSINESS

The management of the Corporation knows of no matters to come before the meeting other than the matters referred to in the notice of meeting. However, if any other matters which are not known to the management of the Corporation should properly come before the meeting, forms of proxy given pursuant to this solicitation by the management of the Corporation will be voted on such matters in accordance with the best judgment of the person voting the proxy.

CERTIFICATE

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

DATED at the City of Calgary, in the Province of Alberta, this 30th day of March, 1989.

John Robert McCaig
Chief Executive Officer

Calvin Fletcher
Chief Financial Officer

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AUG 22, 1989

INTERIM REPORT

SECOND QUARTER

1989

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Trimac

FINANCIAL HIGHLIGHTS

	Three months ended June 30	
(thousands of dollars)	1989	1988
OPERATING RESULTS		
Revenues	$ 87,012	$ 81,341
Earnings before unusual and extraordinary items	3,088	2,197
Net earnings (loss)	3,507	(4,708)
Cash from operations	7,933	8,630
Net capital expenditures	21,104	13,674
COMMON SHARE DATA		
Earnings before unusual and extraordinary items	$ 0.07	$ 0.06
Net earnings (loss)	0.09	(0.14)
Cash from operations	0.26	0.25

	Six months ended June 30	
(thousands of dollars)	1989	1988
OPERATING RESULTS		
Revenues	$166,436	$153,021
Earnings before unusual and extraordinary items	2,963	2,769
Net earnings (loss)	3,382	(4,208)
Cash from operations	14,563	14,059
Net capital expenditures	26,635	24,070
FINANCIAL POSITION		
Working capital	$ 16,678	$ 26,377
Net assets employed	334,156	353,021
Total long term debt	165,213	171,758
Long term debt (excluding current maturities)	160,804	166,691
Convertible debenture	30,000	30,000
Shareholders' equity – preferred	30,395	30,715
– common	95,075	107,556
– total	125,470	138,271
COMMON SHARE DATA		
Earnings before unusual and extraordinary items	$ 0.05	$ 0.07
Net earnings (loss)	0.07	(0.13)
Cash from operations	0.48	0.40
Dividends (stock dividend)	—	0.099
Common shareholders' equity	3.13	3.04
SHAREHOLDER INFORMATION		
Number of shares outstanding		
Common	30,414,806	35,392,623
Preferred – Class B	6,000,000	6,000,000
– Series A	183,000	195,800

The above financial highlights and accompanying financial statements are unaudited.

CONSOLIDATED STATEMENT OF EARNINGS

(thousands of dollars)	Period ended June 30 Three months 1989	Three months 1988	Six months 1989	Six months 1988
REVENUES				
Transportation services	$63,740	$51,768	$115,727	$ 93,517
Energy services	11,908	19,357	28,614	40,636
Equipment leasing	11,364	10,216	22,095	18,868
	87,012	81,341	166,436	153,021
OPERATING COSTS AND EXPENSES				
Direct	59,229	57,526	115,721	108,185
Depreciation and amortization	9,022	7,832	17,743	15,148
Selling and administrative	12,763	10,114	23,761	20,851
	81,014	75,472	157,225	144,184
OPERATING EARNINGS	5,998	5,869	9,211	8,837
EARNINGS OF AFFILIATES	5,769	3,234	7,716	5,343
	11,767	9,103	16,927	14,180
Interest – long term debt	(5,162)	(3,956)	(10,191)	(7,597)
Other interest (net)	252	334	849	619
General and administrative costs	(1,503)	(1,350)	(2,814)	(2,465)
Gain on sale of assets (net)	108	146	285	743
EARNINGS BEFORE TAXES	5,462	4,277	5,056	5,480
Income taxes	2,374	2,080	2,093	2,711
EARNINGS BEFORE UNUSUAL AND EXTRAORDINARY ITEMS	3,088	2,197	2,963	2,769
Unusual items:				
Discontinued businesses	—	(663)	—	(812)
Other	—	(7,913)	—	(7,913)
	—	(8,576)	—	(8,725)
Deferred tax recovery	—	2,441	—	2,518
	—	(6,135)	—	(6,207)
EARNINGS (LOSS) BEFORE EXTRAORDINARY ITEMS	3,088	(3,938)	2,963	(3,438)
Extraordinary items	419	(770)	419	(770)
NET EARNINGS (LOSS)	$ 3,507	$(4,708)	$ 3,382	$ (4,208)

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	Period ended June 30			
	Three months		Six months	
(thousands of dollars)	1989	1988	1989	1988
CASH PROVIDED (USED)				
OPERATIONS:				
Earnings before unusual and extraordinary items	$ 3,088	$ 2,197	$ 2,963	$ 2,769
Depreciation and amortization	9,022	7,832	17,743	15,148
Gain on sale of assets (net)	(108)	(146)	(285)	(743)
Deferred income taxes	(664)	144	(1,302)	(419)
Share of earnings of affiliates	(3,418)	(1,705)	(4,555)	(2,799)
Other non-cash items	13	308	(1)	103
Cash from operations	7,933	8,630	14,563	14,059
Unusual items	—	(1,923)	—	(1,730)
Net cash flow	7,933	6,707	14,563	12,329
INVESTMENTS:				
Purchase of fixed assets	(24,194)	(16,910)	(34,186)	(33,470)
Proceeds on sale of fixed assets	3,090	3,236	7,551	9,400
Net capital expenditures	(21,104)	(13,674)	(26,635)	(24,070)
Investment in affiliates	57	(1,226)	(1,143)	(1,226)
Net change in non-cash working capital balances	(1,324)	595	(8,900)	(7,089)
Other	(342)	(459)	(185)	(666)
Cash used in investments	(22,713)	(14,764)	(36,863)	(33,051)
FINANCING:				
Increase in long term debt	9,617	6,423	12,781	15,865
Repayments of long term debt	(1,119)	(813)	(3,487)	(2,201)
Net change in working capital loans	3,494	(1,481)	5,070	3,722
Preferred share dividends and redemptions	(867)	(193)	(1,561)	(391)
Cash provided by financing	11,125	3,936	12,803	16,995
Net decrease in cash	(3,655)	(4,121)	(9,497)	(3,727)
Cash position, beginning of the period	19,118	32,187	24,960	31,793
CASH POSITION, END OF THE PERIOD	$ 15,463	$ 28,066	$ 15,463	$ 28,066

To Our Shareholders:

Operating Results

Trimac earned $3,088,000 or seven cents a share before unusual and extraordinary items during the second quarter of 1989, up from $2,197,000 or six cents a share the previous year.

Cash from operations was $7,933,000 or 26 cents a share, compared with $8,630,000 or 25 cents a share during 1988.

Revenues rose to $87.0 million from $81.3 million.

Net earnings were $3,507,000 or nine cents a share in the second quarter of 1989, including an extraordinary gain of $419,000 from the continued use of previously unrecorded tax losses in the United States. In the second quarter of 1988, Trimac incurred a net loss of $4,708,000 or 14 cents a share as a result of several non-recurring items that totalled $6,905,000.

Improved results from the company's affiliates more than offset increased interest costs and lower revenues and losses from contract drilling. Earnings from bulk highway hauling and truck leasing were stable while revenues were higher than the previous year.

Capital expenditures increased in the second quarter of 1989, compared with 1988, mostly from completion of the purchase of bulk trucking assets from Johnston's Fuel Liners, Inc.

Rentway Branch

Rentway Canada Ltd., Trimac's truck leasing and rental company, has started construction of a new branch in Calgary to replace its current leased facility. The new branch will improve efficiency with two drive-through service bays able to handle complete tractor-trailer units, a smaller bay for lighter vehicles, a wash bay and a larger yard. The improvements also reflect Rentway's emphasis on expanding its full service program for lease customers and the vehicle service management program for the owners of private fleets.

Drilling Downturn

The contract drilling industry in North America and most locations around the world continues to struggle through the worst market slump in the 50 years since statistics have been kept. An average of 130 rigs or 27 per cent of the available fleet was working in Canada during the first half of 1989, down from 211 rigs in 1988. In the United States, an average of 781 rigs or 32 per cent of the fleet was working, off from 950 rigs a year ago. Trimac's operating unit, Kenting Drilling, which serves markets in western Canada, the northern United States and the United Kingdom, has been subject to the same pressures.

Kenting has remained profitable in the northern United States where it is substantially more active than the industry average because of its experience in horizontal drilling. It has incurred losses and negative cash flows in Europe and its major market in western Canada. Kenting has reorganized to reduce costs and has limited capital expenditures to items necessary to maintain operations.

Tricil Sale

Testimony was concluded during June in the civil trial concerning the sale of Trimac's 50 per cent interest in the waste management firm, Tricil Limited. Final written arguments are to be submitted to the Alberta Court of Queen's Bench by the end of August and a judgment is possible before year end. This could be followed by an appeal.

J.R. McCaig

J.R. McCaig

Chairman

August 17, 1989

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